Università
Ca'Foscari
Venezia

Master's Degree Programme –
Second Cycle (*D.M. 270/2004*)
in Economia e Gestione delle Aziende
Curriculum International Management

Ca' Foscari
Dorsoduro 3246
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Final Thesis

A successful case of Branding Strategy: the case of Mionetto

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Academic Year
2014 / 2015

Acknowledgements

The biggest thanks and gratitude go to my family, my mother Franca, my father Pierangelo, my brother Marco and my beloved cousins, uncles, and aunts. Thank you for having supported me in every single step of my life so far; especially for having encouraged me when I finally achieved my greatest dream and moved to New York City, in these past seven months. This work would have never been initiated otherwise.

Thank you to my second family, the one I have chosen for myself. To all my amazing girlfriends, growing up together will always remain the most exciting adventure I would ever do. Thank you for having been by my side, through all these years, in good and bad times.
I want also to thank my classmates of International Management for the great friendship we have created and for having shared and lived together every moment, both of joy and of struggle, in these two years.

To all the people I met in New York. To Simone and Enore, for having helped me in the development of this research and for having been strong examples of professionality, integrity and kindness I will never forget. To all my colleagues and friends over there, for having been family to me, you really made my experience.

Finally, I want to thank my Grandmothers Iside and Mercedes and my Grandfathers Armando and Mario. None of you is here anymore but I know this achievement would have made you proud and this is my gift for all your love.

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Introduction

How can a small family-run winery, born in a little town in the North East of Italy manage to become in three generations the most widely known brand of Prosecco in the gigantic United States of America? Apparently, this is actually possible and this is what this work aims to prove and explain: this is the story of success of Mionetto.

The purpose of this investigation is to analyze in depth the process of transformation of Mionetto from a small Italian winery into an international rewarding company.

The study will provide initially an insight on the wine market at a worldwide level, making a focus on the Italian and the American environment. The main factors of differentiation of these two markets will be revealed, as to understand the following movements put in practice by the company.

The research will then analyze the path which led Mionetto to its final realization. It will prove that nowadays the key to succeed in the market is represented by the transformation of a company's product into a brand, performing a branding strategy. The study will go through each single step of this kind of activity, making also a comparison between the theoretical background on this topic and the actual actions performed by the case study.

Finally, a further element will be highlighted; a theme which was not debated in the theories but had a crucial relevance both in the philosophy and in the strategy of Mionetto: the importance devoted to relationships and the consequent subject of Relationship Marketing. It will be showed how relationships can mark a difference and, stirred together with a good branding strategy, represent the crux of success.

The winery started its venture in 1887 in the district of Prosecco in Valdobbiadene as a family-run business. Since then, it kept on growing becoming a well-known name in the Italian territory. During the eighties, according to the market's needs, it started creating and developing the brand Mionetto whose success brought the company to start a new adventure. In 1998 the winery established a business all the way to the west to the United States of America. After ten years of hard times and great investments, Mionetto has reached an astonishing level of success being the best known brand of Prosecco in the United States.

This is the result Mionetto has achieved now but, years ago, when the company first arrived overseas to start its American Dream, there was no Prosecco in the United States. Americans did not have any idea of what this product was. However, the winery could not believe that Americans would not feel anything else but love for Prosecco, given them the chance to try it.

Believing in the quality of its product, and developing an efficient branding strategy, Mionetto made this dream become true.

This case was immediately found extremely interesting and stimulating. Seeing how hard work and determination can lead to unexpected results is always deeply inspiring and motivating. This holds particularly true in the case of a company which started its business in a relative small country, as Italy can be defined, and managed to succeed in a market as the United States' one, which is huge, far, and extremely different in terms of scale, consumers' tastes and state of the industry, if compared to the Italian one. These are the reasons why this work has been initiated.

To conclude, as regards the research method, the branding strategy of Mionetto, described in the following pages, represents the very true story of the company itself , as it was told directly from the people who made it happen. In fact, this analysis was conducted through a series of interviews with the current CFO and CEO of Mionetto USA, run in the corporate Headquarter of the company in White Plains, New York.

1. The worldwide wine-making sector

Starting from the nineties, the international competitive scenario of the wine market has been characterized by a huge, global process of development and by dramatic changes which deeply modified its own structure. These changes are related to different vectors.

1.1 The demand: new consumption trends

First of all, a great change in the traditional system of consumption was marked.
The growing process of globalization of the demand caused an homologation in the tastes of different consumers. The so called: "international tastes" are always less influenced by the consumer's belonging to a specific geographic area; instead, they are more and more related to specific socio- economic and cultural characteristics, different targets within a country can have, and which transcend national boundaries. This phenomenon goes together with an opposite tendency towards the recovery and enhancement of the local dimension and specificity, as a fundamental competitive factor of distinction both at an internal and at an international level.
A further point, affecting the traditional wine consumption system is related to the image of wine itself. From a daily product, consumed every day during meals, especially in traditional wine consuming countries, it has become, in the last years, a convivial drink, mainly consumed outside, with friends, to celebrate. This is the reason why it has been marked, for many years by now, an increase in the demand of quality wines as well as a decrease in the demand of undifferentiated ones. This swing in the old consumption model is, therefore, the consequence of a change in the wine demand, too. This, seems to be related to different factors, according to the different wine market types. A change in lifestyle, tastes and preferences of consumers in the evolving markets (like USA and UK), in the demographic composition of the population in the mature markets (European ones) and in the increase of wealth and buying power in the new emerging countries

1.2 The supply: new players

Another vector of change is related to the new players entering the wine international arena. There has been a geographical shift in the traditional wine producers and consuming countries and a sharp increase in the international trade. The focal element of change is the decreasing weight performed by European countries: the "Old World" countries and the appearance in the international arena of new competitors: the so called "New World" countries.

Old world in the wine industry refers to those countries where the production of wine has been traditional for centuries and comes from a farming tradition. The countries that are part of the Old World‖ are those of the Mediterranean European areas, namely France, Italy, Spain and Portugal. The largest vineyard came from this area, characterized by a mild climate that allowed for the production of worldwide known highest quality wines. These countries, until thirty years ago, had the control over almost all wine production, and had a very unique structure in terms of production system. In these countries, wine companies still have small and medium dimension and are often characterized by family businesses and limited production, focused on the creation of quality wine.

New world countries are those that have assumed an important role in the global wine market in the last thirty years. These are Australia, New Zealand, USA, Argentina, South Africa, Chile and China. These countries have a very recent history of wine production but are characterized by structures which are completely different from those of the Old World: New World's firms can be regarded as real multinationals. In the New World countries there is no myriad of small firms, but large corporations, characterized by scale economies and which control the bulk of production. They rely on a few number of vines and are more oriented towards the market and the consumers' tastes, rather than on their production; they are subjected to little normative rules in the wine-growing and producing sector, as opposed to the Old World countries.

Having a good climate, they have developed new viticulture based on innovative production techniques and technologies. This condition is likely to undermine the viticulture of the old wine territories that have to face the problem of renewal of the vineyards (higher average age) and the inadequate production, both in terms of competitiveness in quality (production in many regions insensitive to the tastes of the market) and in terms of commercial competitiveness. The main risk is that the importance of the quality of these wines would be replaced by a greater emphasis put on the price. This would give the new competitors greater

and greater market shares. The New World countries offer wines having a good price-quality relation, easily recognizable thanks to the brand and supported by efficient marketing campaigns. New, big distribution chains could overwhelm the small producers. Generally speaking we can say that commercial wines of new producers are more and more demanded; furthermore, they do not produce only table wine but they are specializing in the production of very exclusive local wines, belonging to the old European tradition. In order to survive in this environment, a huge knowledge of wine and its territory is necessary as well as the ability to appraise this heritage. [1]

Furthermore, New World countries have been able to develop efficient marketing and communication strategies, bearer of economic value. While in the Old World‖ countries this trend does not occur, due to the excessive fragmentation of enterprises and the lack of cooperation, in the New World‖ the policies of strategic marketing play a key role in the development of this sector. They have established greater collaboration with the institutions, regarding programs to promote and support the exports, and in between the different companies, increasing the number of Consortiums and wineries. On the other hand, the countries of Old World, unlike Australia and other New World countries did not feel the need to create centralized marketing strategies, which might be coordinated and sponsored by the government, in order to create profitable synergies and networks between companies to reach a critical mass. This approach could perhaps be valid in a different, less competitive and dynamic economic environment, but today it forces these countries, too often, in conditions of backwardness compared to competitors. In addition, the excessive fragmentation of enterprises causes the dispersion of transformation and marketing process and the constant emergence of small producers who often cannot reach the minimum threshold of visibility in the market.

Having a long history and experience in the wine sector, the main strategy for European wine is based on the concept that landscape, climate, history and different people, produce different

[1] CARDINALI S., GREGORI G. L., PALLONARI M. (2010), *Piccole imprese vitivinicole e un nuovo approccio al marketing integrato*, Franco Angeli, Milano
NOMISMA (2013), *Wine marketing. Scenari, mercati internazionali e competitività del vino italiano*, Agra, Roma

and incomparable wines, while in opposition the so-called New World wine growing is characterized by a supply of wines produced by a handful of universal vines, with recognizable and standardized tastes. Nevertheless, in these very recent years, the situation keeps on changing: it is not as rare as it used to be that American, Australian, New Zealand or South African companies produce excellent and high-quality wines, aided by an international quality- oriented taste and consumers that have more knowledge and critical skills. In the Top100 rank, published in the specialized magazine Wine Spectator, in the last three years the New World wines have represented more than 20% of the total.

A final difference between Old and New World countries lies in the concentration of the market. Mergers and acquisitions are very diffused in the New World ones, since companies perceive it as a method to increasingly strengthen competition. With this same aim, they are also increasingly becoming multinational in terms of production and distribution, forming alliances with foreign companies to achieve economies of scale. On the contrary, in European countries there is a very strong presence of small and medium sized enterprises, which have always been independent.

Despite this factors, the Old World has also a great strength which is very difficult to be emulated: the relationship between wine, culture and history. The centuries-old experience in the wine growing and producing sector that Old World countries have, the ancient artisan work, made for years by generations of families and deeply rooted in territories which are worldwide known for this reason, is something which give these countries an added value that no super-efficient marketing strategy could ever create. This is the focal element on which these countries should concentrate.

Despite the differences, this new role that wine has in the global scenery shows and demonstrates the influence and the relevance of wine as a globalized product representing not only a beverage but a symbol of the western culture which is increasingly appreciated. Numerous analyses on the culture and perception of wine all over the world, demonstrate that this beverage is a symbol of emancipation and health.[2]

[2] CASARETTI G. P., GREEN R., MARIANI A., POMARICI E. (2006) , *Il mercato del vino: Tendenze strutturali e strategie dei concorrenti*, Franco Angeli, Milano

1.3 The image of wine: from quantity to quality

In the last two decades the wine production has increased in nearly every continent. The most relevant increases occurred in Asia and Australia, while Europe faced a reduction. The yearly worldwide wine production is circa 270 million hectoliters and in the recent years we have attended great rises in quantity (circa 20%) and, even more and more surprisingly, in quality (circa 40%). In the Old World countries, wine used to be the everyday beverage people drank during meals. This was particularly true for mature or aging consumers. While this habit has remained for these segments of customers, nowadays youths do not drink wine during meals; on the contrary, they enjoy a glass of wine when they go out with friends, to celebrate.

This new habit has deeply changed the image of wine itself and has shifted the focus from the quantity to the quality side: wine has become a convivial drink, a pleasure, something hedonistic. While expert consumers always search for more complex and sophisticated wines, new ones are more interested in tasty wines, easily understandable. This shift determines the growth of "premium" and "super-premium" segments, reducing the "basic" one. This is particularly true in New World countries where globalization has conformed also the occidental way of life as well as drink habits. In the last fifteen years, in fact, people drink less but better: the per capita annual consumption is stable at 40 liters, balancing out the drop in traditional countries and the rise in the emerging ones. [3]

This indicates that the worldwide production has experienced an essential change in order to satisfy the new needs of international consumers. The growth in value of the commercial wine, instead of the growth in quantity, shows both a trend of trading greater worth wines and, more importantly, the appearance of a worldwide process of local enhancement.
In fact, at the end of the seventies, some Italian regions started making wine in their own territory instead of being only producers of cutting wine. This phenomena marked a change in social behaviors, cultural models, lifestyle: agriculture started to be culturally requalified.
After centuries of industrialism where this sector was marginalized both economically and culturally, today what comes from agriculture is not regarded with distance or annoyance but

[3] CASARETTI G. P., GREEN R., MARIANI A., POMARICI E. (2006) , *Il mercato del vino: Tendenze strutturali e strategie dei concorrenti*, Franco Angeli, Milano

with interest, curiosity and wish to discover. Thanks to both a greater defense of the environment and to a territorial appreciation , young people start being concerned about the wine world. Quality is growing and producers are becoming professionals, while agronomists, enologists and wine makers are more and more integrated in the production process.

All these different factors of evolution and change have made wine become a very dynamic and complex product: it inserts itself in the economic and financial market, it is a customs phenomenon, it creates a cultural experience, it plays a role always more active in the cooking sector, it pushes for scientific innovations, it enlarges the environment of actors playing in the market. It is, therefore, a fundamental resource for the development of the economy and the culture of a specific territory.

Finally, the qualitative increase in the common image of wine, regards also distribution. What happened also for other agricultural and food products, is that retailers have enlarged their role increasing the selling share in volume (it accounts for 60% of the overall sales in the main European countries). However, they keep on working in traditional distribution channels and in the so called, Uniform Conditions for the Hotel and Catering Industry segment. Furthermore, a growing importance is pictured by the direct sale in the cellar or by on line instruments. What should also be mentioned is that the Grand Scale Retail Trade has had a qualitative evolution, too. There has been a qualification in the selection policy of the different companies, dedicating consistent investments both in terms of space and of innovative staging. As a consequence, the total volumes increased as well as, more importantly, the number of quality wines.

1.4 Statistics on the worldwide wine-making sector

This section is devoted to the most recent statistics on the worldwide wine-making sector, developed by the OIV, the International Organization of Vine and Wine.
In 2014 the total worldwide surface area counts for 7573 million hectares, marking a growth of 10 million hectares if compared to 2013. The European vineyards remains stable while the Asian and Southern American ones have grown. China's vineyard becomes the second worldwide, with circa 800 million hectares.

As regards grape production, it is around 737 million quintals, decreasing of 40 million quintals if compared to 2013. However, in the last fifteen years, starting from 2000, the tendency has always been positive with an increase of 13.7%, even if the worldwide surface area has decreased. This condition can be explained considering the fact that, thanks to the continuous improvements of the wine making sector techniques, vineyards have greater returns. China, with 111 million quintals, accounting for the 15% of the worldwide grape production, was the first producer in 2014, followed by the United States with70 million quintals and by France and Italy, both with 69 million quintals.
Asia is the continent producing more of the so called "table grapes" with 63 % on the total. Europe remains in first place for the production of "wine grapes", with 65 %.

As for wine production, in 2014 it was stable at 270 million hectoliters, according to the average of the last six years. Only 2013 marked a record with 291 million hectoliters. The following decrease in 2014 was caused by difficult weather conditions in East Europe, having consequences on vineyard in various countries.
Despite this decreasing trend, Europe remains the biggest wine producer. In this chart, France occupies the first place with 46.2 million hectoliters, followed by Italy with 44.7 million hectoliters and Spain, with 38.2 million hectoliters.
Anyway, both the Americas and the Southern Hemisphere's wine production is continuously growing. Argentina marks an increase of one per cent if compared to 2013 with 15.2 million hectoliters; New Zealand hits a new record with 3.2 million hectoliters, a 29 % increase if compared to 2013, South Africa shows, with 11,3 million hectoliters, a 4% growth compared to 2013 and finally United States produced 22.3 million hectoliters.

As regards 2014 wine consumption, data show a slow decrease in the worldwide consumption, circa 240 million hectoliters. The traditional producing countries keep going ahead in their recession, while the new world ones are increasing their consumption.
The years in between 2000 and 2014 saw a shift towards these new consumption centers: today the 40% of wine is consumed outside the European borders, compared to 31% in 2000. The United States, with 30.7 million hectoliters confirms their position of number one worldwide consumer.
France, with 27.9 million hectoliters and Italy, with 20.4 million hectoliters, are coherent with past tendencies, confirming a decrease which is of respectively 0.9 million hectoliters and 1.4 million hectoliters if compared to 2013.

Concerning the international trade in wine, even if today the three fourths of production, consumption and wine trade are still concentrated in Europe, the already mentioned New World countries are threatening the uncontested supremacy of the Old World ones.
The former register, in fact, a high export growth rate due to a very fast increase in production, compared to a lower one in consumption: these countries have no wine tradition, so their consumption rate is starting increasing in the very recent years.
Furthermore, researchers have found a very interesting trend, making inroads today. While in the Old World countries the wine consumption has been reduced and partially replaced by beer, in the traditionally beer consuming countries the opposite tendency has been marked: beer consumption has been reduced and partially replaced by wine. These are the main reasons why the international trade of wine is something in continuous evolution. This can be seen considering the share of imported wine on the total. Ten years ago only the 27% of the consumed wine was imported, today this segment amounts to more than 43%. Concerning statistics, the worldwide wine export keeps on growing in volume with 104 million hectoliters, a 3 per cent rise if compared to 2013, while the trend in value reached 26 billion euros. The worldwide wine imports grew as well, reaching 100 million hectoliter in 2014, marking an increase of 0.25 million hectoliters, compared to 2013. The internationalization of wine market is, therefore, constantly increasing.

As regards the type of wines which are mainly traded worldwide, packaged wines have still slightly grown between 2013 and 2014. Sparkling wines registered the most relevant rise, both in volume, 7.1% and in value, 5.4% if compared to 2013.

In terms of exports value, packaged wines still represent the 71% of the total value of exported wines, with sparkling wines amounting to 20%. Unpackaged wines or containers of 2 liters or more represent the 10.6% of the total worldwide exports in value, and 38% of the worldwide exports in volume. [4]

[4] *Organizzazione Internazionale della Vigna e del Vino, Organizzazione Intergovernativa*, http://www.oiv.int/oiv/info/itplubicationoiv (18.10.2015)

1.5 Norms and regulations in the wine- making sector

The European Union , the USA and other producing countries have established their own systems of rules regarding the wine sector. Therefore, there is no unique system of standards for wine production and what is lawful in one country may be unlawful or harmful in another one. The OIV (International Organization of Vine and Wine) has been fighting for years for a clear harmonization of legislation but the results have become partially concrete only after the Trade Related aspects of Intellectual Property Rights (TRIPS) Agreement‖ in 1994 and after the conclusion of several wine trade agreements between producing countries (particularly the UE/USA agreement). Despite that, the OIV has a scientific committee that has developed, and continues to update, regulations and information about oenological practices to facilitate mutual recognition and guarantee uniformity.

1.5.1 OCM and wine supply regulations

Once again, distinctions can be made, also regarding regulations, between Old World and New World countries. The first, main factor of differentiation is related to the wine supply regulations. As regards the Old World countries, the wine industry is ruled by the so called Organization of Common Market (OCM). The Organization of Common Market for the wine-growing and producing sector is one of the oldest and more complex organizations in this category, among the communitarian policies settled by the European Union. Among the several prescriptions established by this organization, what is relevant in this case are the policies for the supply control which have caused that, just mentioned, reduction in the European vineyards surface.

Starting from OCM foundation in 1962, the wine market faced sharp changes. In the beginning there was a short period of equilibrium, but by the end of the sixties, people witnessed to a clear production growth while the demand, on the contrary, remained stable. Then, starting from the eighties, a constant reduction in the production took place, as well as a deep change in the demand which was then directed towards quality and packaged wines.

In order to face these transformations, the OCM underwent a great change, too. Originally, it was born with a free spirit, without any kind of limitation for new plants and very few instruments to govern the market and the annual variations of production. However, starting from 1978, in order to face the overproduction and the stagnant consumptions, the

communitarian policies started being fully controlled by the state and introduced the plant ban and the duty of the distillation of the excesses. In order not to create a surplus in the supply, the OCM fixed limits in the implementation of new vineyards. This restriction has negatively affected the adjustment capacity of European producers to the changes which occurred in the demand. On the contrary, extra-EU countries, not ruled by this regulation, had the opportunity to modify and extend freely their production sites, seeing their production volume increase dramatically. By the time, more recent reforms have strengthened the objective of reaching a better balance between demand and supply, answering to the market voice that asks for continuous improvement in the wine quality, trying also to correct market inefficiencies deriving from the externalities related to production, distribution and consumption. These reforms should, therefore, have a positive impact on the overall welfare; the problem lies in the correct regulation of their use in order for them not to be implemented for protectionist as they are, in fact, been accused of by the New World countries which perceive them as competition distortive.

This scenario is completely different from those of extra-European countries that are both producing large quantities of wine and are planting tens of thousands of hectares each year, outlining a new wine geography. The most deep-rooted countries of the New World wine, such as USA, Australia and Argentina, are producing volumes which are becoming directly competitive with Italy, France and Spain, highlighting that hierarchies are changing. In Australia, but also in the US and South America, some cellar practices strictly prohibited in the EU were allowed and nowadays there is no planting restriction of new vineyards and no limits to the quantity of wine produced, consequently the price of vineyard is only regulated by the market.

In Europe the quota system has not allowed for flexibility to wineries. "While Europe was more and more binding the production, our competitors attacked us with standardized wines, easier recognizable by consumers, with a great flexibility in meeting the demand, and with a price dumping aided by lower operating costs of their companies" (Zonin,2006). The result is that today the New World‖ countries have a sizeable share of global wine sales and high and constant growth.

1.5.2 Denominations of Origin

The second great element of discrepancy between different countries' wine regulations, is related to the Denominations of Origin and in this case, the players in the scene are Europe and USA, leading to the creation of the so called: *EU/USA Agreement*.
In European countries, appellation of origin is intended as the geographical name of a viticulture area, used to describe a well-known and quality product, whose characteristics are related to natural environment and human factors. The concept enhances the connections between territory, product and human activities. Instead, the US has always rejected the recognition of product/territory, considering reputation and perception more important.

According to this antithetical approach, what really matters is not the geographical name, but the perception that consumers have. Consequently, if consumers do not match a name with a geographical territory or a type of product, the protection is irrelevant because it does not influence the buyer's choice. This concept is justified on a cultural level; in the U.S. traditions, working methods and culture of the territory of origin were transferred and imported by immigrants, who have used names indicating the geographic locations of their origins for decades. From a U.S. perspective, this situation would lead to the "generalization" of geographic information losing their original meaning; for example, the words "Champagne" and "Chianti" do not indicate only a wine from France and Italy, but also a particular type of product, regardless of their place of origin. As regards the EU/USA agreement, it does not regulate completely the considered matter, but it has produced important turning points. One of the most relevant ones is the involvement of the United States in clarifying the meaning of certain terms that in Europe represent important geographical indications, while in the United States they were previously submitted to the discipline of "semi-generic names". In fact, thanks to the concept of "semi-generic" names (including prestigious denominations like Chianti and Marsala for Italy), the U..S justified the production and marketing in its territory of wines labeled with names that, from a European perspective, are certainly geographical indications. In the United States this practice is permitted, on condition that the semi-generic‖ name is accompanied by another denomination of origin, corresponding to the real place of production.

Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where

a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origins, American consumer is not misled.

For this reason, buying the Californian Chianti, the consumer knows that it is a type of Chianti wine, not produced in Italy but on the coasts of the Pacific Ocean. In particular, the United States have committed themselves to changing the status and limiting the use of seventeen European wine denominations (Burgundy, Chablis, Champagne, Chianti, Claret, Haut Sauterne, Hock, Madeira, Malaga, Marsala, Moselle, Port, Retsina, Rhine, Sauterne, Sherry and Tokay) currently considered as semi-generics in the United States.
In addition, the United States accept the basic principles of the European Union, labeling rules and they will seek to resolve possible bilateral issues concerning wine trade through informal bilateral consultations, in exchange for recognition by theUE of certain oenological practices implemented in the United States. The United States and the EU have pledged themselves to put on the market only wines labeled in accordance with the agreements to avoid barriers to international trade. The EU has also concluded several treaties with other partners in the wine sector as Chile, Australia and South Africa. These agreements are very similar to those with the United States, although in these cases there is not a mutual recognition of laws; they simply agreed on the fact that each country is allowed to authorize the importation and marketing of wines in its territory only in accordance with wine practices identified in a specific document. [5]

[5] CARDINALI S., GREGORI G. L., PALLONARI M. (2010), *Piccole imprese vitivinicole e un nuovo approccio al marketing integrato*, Franco Angeli, Milano

1.6 The Italian wine market

1.6.1 A general Overview

In 2014, as to follow the recent years trend, the Italian vineyard surface has decreased. The total amounts to 641,743 hectares, marking a 4700 hectares decrease compared to 2013 and 131,000 hectares compared to 2000. Despite some regions like Veneto and Friuli Venezia Giulia are growing, this raise in the vineyards surface is not enough to balance the drop of some other regions like Sicily, Calabria and Lazio which are keep on losing ground. While Veneto's vineyard has grown of 1650 hectares and Friuli's of 500, thanks to Prosecco and Pinot Grigio, Calabria lost 2000 hectares and Lazio lost 4000 hectares.

As regards the wine production in Italy, it amounts for circa 41 million hectoliters, a loss of 9% if compared to 2013 and of 3% below the average of the last five years.
In Northern Italy, production has decreased of 8% being stable at 20.3 million hectoliters. Veneto, Trentino Alto Adige, Emilia Romagna and Piedmont have all lost ground, while Lombardy has remained stable. Central Italy's regions like Marche, Lazio and Tuscany have all had negative results. In the South, Sicily has lost 20% of its production if compared to 2013 but remained in line with the charts of the last five years; on the contrary, Puglia's production has finally increased, marking a plus 13%, if compared to 2013.
As regards the Italian wine consumption, it reached in 2014 20.4 million hectoliters, marking a decrease if compared to 21.8 million hectoliters of 2013.

International trade between Italy and the rest of the world keeps on increasing with 20.540 million hectoliters, compared to the 20.319 million hectoliters of 2013 of exports in volume and 5.078 million euros compared to 5.007 million euros of trade in value. Italy still dominates the scene, together with France and Spain, especially in the exports in value. As regards the quality of exported wines, accordingly to the already mentioned trends in the sector, packaged wines took the most, both regarding still and sparkling wines.[6]

[6] *I numeri del Vino*, http://www.inumeridelvino.it/2015/04/produzione-di-vino-in-italia-aggiornamento-2014-istat.html (18.10.2015)

1.6.2 The structure of the sector

The first point to take into account is the high degree of diversification of the supply, mainly in terms of product diversity. The Italian wine production shows a great irregularity at the geographic level, regarding both the structure of the production system, which is very fragmented, and the different performances of each region. In the very last years, the Italian system has seen very frequent episodes of mergers, acquisitions and entrance in the sector of external actors like banks and insurance companies. However, these have not been able to modify the structure of the system which is characterized, as already seen, by a huge number of small companies and therefore, by a very low concentration rate. Beside companies and products which faced successfully the international competition, there are also other companies and entire territories which have not been able to appraise their patrimony. They could not manage to develop proper marketing and distributive strategies in order to create a profitable activity but they rely systematically on the communitarian support policies. These differences should not be attributed to the dualism small/ big company nor to the North/South one but to a complex interaction of several aspects.

The 63% of the Italian wine production consists of wines with geographical indications like DOC (Denomination of Controlled Origin), DOCG (Denomination of Controlled and Guaranteed Origin), IGT (Typical Geographic Indication) while the rest is composed by table wines. This composition seems to have reached a kind of balance as it has been stable for a few years.

The registered denominations are 483 with 319 DOC, 46 DOCG, 118 IGT wines. This is a very high number but among them, the number of denominations which reached a degree of fame beyond the Italian boundaries is quite low. As a consequence, the concentration level is high and the production structure of quality wines is based on few very relevant productions plus several small niche productions, among which, again, only a few reach international fame.

The majority of DOC, DOCG and IGT wines are produced in Northern Italy, in regions like Veneto, Piedmont, Emilia-Romagna and Tuscany. In the South the most important regions for wine production are Sicily, Abruzzo and Puglia. The composition of the wine offer is very variable depending on the region; while some regions have succeeded in creating successful denominations of origin, in other regions table wines are still prevailing. These are the regions

which suffered huge troubles in the last years as the table wine production showed sharp drops.

As a consequence, the Italian productive structure is very fragmented if compared to the main international players, both at an agricultural and at an industrial level. The number of the professional wine companies is circa 192.000 and a very relevant role is fulfilled by cooperative companies which account as associates the 60% of wine producers.
At the industrial level, there is again a great number of companies: 40.000 plants have been taken a census, where the 91% is composed by artisan companies. Among these 40.000 plants, the great majority, 97%, is represented by agricultural wine cellars: the firms operating with their own vines, directly linked to the agricultural activity, governing the 25% of the wine production. Controlling the 50% of wine production, very important is the role of the cooperative companies as well as the one of industrial cellars; these are the cellars where the transformation process prevails over the one of grape production; they control the remaining 25% of the wine production.
Another important part of wine supply is attributable to micro cellars; we can count 8.000 micro cellars companies, accounting for the 98% of the agricultural companies and representing the 79% of the total companies working in the sector; they are mainly situated in the Northern regions.
Despite their dimension, these companies have been able to succeed both in Italy and abroad, focusing on high quality products in the segment of high value wines.
The high segmentation of the demand and the growth in the demand of quality wines have created segments of the market where the pricing of the products is able to cover the costs of small and micro companies. In this segments, micro companies can exploit attributes like territorial connotation, local specificity, producer personality: these are elements which cannot be imitated by big sized companies. They should therefore focus on niche markets. Niche markets have not only an exclusive territorial connotation but are also based on the identity of the company and on the characteristics of differentiation and uniqueness that the producer is able to give to its wines.

As a consequence, the wine produced and commercialized today in our country is in a very distant relation with the undifferentiated beverage prevailing in the seventies and in the eighties. The scientific research has procured precise information about the fundamental concept of quality, underlying a key objective: in order to produce in a competitive way, it is

fundamental to change the philosophy both in the cellar and in the vines and in the approach to the market. It is in the market that the image and the symbolic value of wine must be renovated, in order to reach a new target of consumers. [7]

[7] CARDINALI S., GREGORI G. L., PALLONARI M. (2010), *Piccole imprese vitivinicole e un nuovo approccio al marketing integrato*, Franco Angeli, Milano

2 The United States' wine market

2.1 Introduction

The United States of America have always been characterized by a huge presence of native species of wine grapes. They are in the numbers of thirty, a figure which equals half of the total types present in the entire world. However the U.S. have never been famous and recognized worldwide for their wine production. The reason for this result is that, even if the presence of grapes in their soil is strong, none of these grapes had been able, in the past, to reach the qualitative levels of the grapes produced in the old continent. Europe had always been famous for its delicious wines and the American ones were not even comparable to these. [8]

2.2 The history of wine production in the United States

2.2.1 The trials of early settlers

The oldest traces of wine production in the United States date back to the sixteenth century, when the first wave of European populations decided to settle down in the new world. [9]
As just explained, by that time, the American soil was very rich in the presence of grapes and this situation was immediately noted by the European pilgrims.
In fact, this was the moment when the wine production started: this was the period of the first experiments of wine growing in the United States. [10]
The first trials of these communities were devoted into planting the European wine species, they had imported from the old world, into the American soil. As long as this terrain was full

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[8] PINNEY T., *A History of Wine in America, From the Beginnings To Prohibition* (1989), University of California Press, Berkeley
FERNALD M. L. (1910), *Notes on the Plants of Wineland the Good*, Rhodora

[9] MUNSON T. V. (1909), *Foundations of American grape culture*, Orange Judd Company, New York

[10] QUINN D. (1977), *North America from Earliest Discovery to First Settlements: The Norse Voyages to 161*, Harper and Row, New York and London

of native species, they thought that their vines would have grown easily in the new environment.

However, this was not the case. The American soil was totally different from the European one, according to many points of view. Firstly in terms of weather: it was far more extreme compared to the mild climate of the mother continent. Secondly, but more importantly, it was full of illnesses, which were totally unknown in Europe, diseases which vines were not able to face and overcome. This is the reason why the first experiments end all up in being failures. These plagues were discovered only centuries after these first trials. Therefore, Pilgrims did not understand why their vines were not able to flourish in this territory and, after a series of attempts, they lost hope and abandon the business.

Grape fields were replaced with the more profitable tobacco fields. However, the desire of developing a wine culture in the United States always remained in the mind of these populations.[11]

Before and after the Revolution, until the nineteenth century, the situation remained almost unchanged. During the years many experiments were conducted by locals, even with the help of public authorities but each struggle, even if successful, did not have the size and the scope to be noticed .[12]

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[11] ABBOT W. (1975), *The Colonial Origins of the United States, 1607-1763*, Wiley, New York

[12] ANDREWS C. M. (1960), *The Colonial Period of American History*. 4 vols. New Haven, Conn.: Yale University Press, 1934-1937. (Ac.2692.mhc.(9.)); New Haven, Conn., and London: Yale University Press, 1964.

ANDREWS C. M. (1960), *Our Earliest Colonial Settlements: Their Diversities of Origin and Later Characteristics*. New York: New York University Press, 1933, 179 pp. Ithaca, N.Y.: Great Seal Books, 1959, 179 pp.

LUKACS P. (2000), *American Vintage: The Rise of American Wine. Houghton Mifflin*, New York, New York.

2.2.2 The Prohibition Era

It was January 1919 when the Eighteenth Amendment to the Constitution of the United States came into force and what could be called the *Prohibition Era* began.
The scope of this Amendment was to ban the production, and as a consequence the consumption, of any kind of alcoholic beverages, namely wine, beer and spirits[13].
These years deeply marked the history of alcoholic beverages in the country. Even if, as can be easily understood, people kept on drinking alcohol against the law, the normal functioning of this sector was interrupted for almost fourteen years, until 1933 and this situation caused huge damages to the wine-making sector.

The production of wine in the United States dropped of 35 million gallons in only one year, of other 14 million gallons in three years, reaching a little more than three million gallons in 1925: in six years it had decreased of 52 million gallons.
Of course, there were shortcuts too and some people managed to keep on producing wine, hiding it behind the religious purpose, the medicinal purpose or the production of products like marmalades or similar. [14] Nevertheless, none of these efforts was able to avoid the serious consequences of the Dry Years: the majority of vineyard and wineries were abandoned and became ruins.

To conclude the picture, it must be remembered the fact that the last years of Prohibition corresponded in the United States, with the famous economic crisis of 1929, soon followed by a deep depression and, after a few years, by the Second World War. The economic and politic conditions of these years did not sustain the recovery of the sector; other issues had the priority.
However, despite this situation, there were still many wine enthusiasts throughout the States which maintained the interest and the will to keep this sector alive, even in their own small way.

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[13] PINNEY T., *A History of Wine in America, From the Beginnings To Prohibition* (1989), University of California Press, Berkeley

[14] SCHULTZ S. (1999), *Civil War to the Present*, University of Wisconsin, http://us.history.wisc.edu/hist102/lectures/lecture17.html, (02.05.2007)

2.2.3 The Post Prohibition condition

The devastating effects of Prohibition can be easily seen looking up at the number of the U.S. wineries. In 1922 the number of wineries in the United States accounted for 917, in 1933, when the Prohibition Era ceased to exist, it had dropped to 268. Even if a significant part of them was brought back to life afterwards, the situation after the fourteen dry years was extremely serious. The whole wine-making culture, so hardly developed through the centuries, had been almost forgotten.[15]

Furthermore, even when the consumption of alcoholic beverages returned to be officially legal, the Repeal gave the possibility of dryness as well. In fact, even if at a national, governmental level the consumption of alcoholic beverages was now allowed, local laws, developed by single states, could still ban it; each single state was empowered of the authority of deciding for itself. A few states decided therefore to remain dry, at least for other twenty to thirty years. There was therefore less enthusiasm than expected and, on the contrary, it took a while for wine to be completely accepted by the society again.

In the meantime, U.S. wine consumers had also changed their tastes, preferring fortified wines and, as long as the offer at the time, for obvious reasons, provided only very cheap and low quality products, the majority of customers simply stopped being involved in the consumption of fine wine.

[15] PINNEY T. (2005), *A history of Wine In America, from Prohibition to the Present*, University of California Press. Berkeley, CA.

2.2.4 A new birth for American wines

Having this history behind, no one could have never expected American wines would have reached the success they do have nowadays. The gap in between these two situations was filled in 1976.

A wine tasting took place in Paris, by the so called *Academic Du Vin* at the presence of a both French and American public. Nine famous French judges, among these the chief inspector of the National Institute of the Denominations of Origins, were called to taste a range of twenty wines, made using the Chardonnay and Cabernet Sauvignon grapes, some coming from France and some others coming from the United States.[16]

As long as the bottles were wrapped, no one would be able to know the country the wines came from, before tasting them. Causing the shock of each and every one at the event, the wines which received the highest grades were the American ones.

This event had terrific effects both in Europe and in the United States. The old continent understood that a new player was entering the competitive arena of the wine market; the U.S. acquired more and more awareness of its potential, stimulating a stronger effort in improving the quality of its wines. [17]

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[16] LUKACS P. (2000), *American Vintage: The Rise of American Wine. Houghton Mifflin*, New York, New York.

[17] PINNEY T. (2005), *A history of Wine In America, from Prohibition to the Present*, University of California Press. Berkeley, CA.

2.3 The structure of the U.S. wine industry: The Three Tier System

The structure of the wine and spirits sector in the United States is highly structured through a system which is called The Three Tier System. In the main states, this architecture is mandatory but, as huge autonomy is left to local laws in this matter, it still depends from state to state. The name gives an insight on the tight connection between the here actors operating in this system. They work as separate mechanisms but belonging to the same machine.
The first tier consists of suppliers. In the case of wine, these are the wineries. The second tier is represented by wholesalers or distributors. They fulfil the role of intermediaries between the first and the third tier. They buy the wine from suppliers and sell it to retailers. Finally, retailers are on and off premise points of sale: bars, restaurants, hotels as well as any kind of shop, especially liquor stores.

2.3.1 The purchasing environment of wine and spirits

As will be explained in the following sections, the purchasing environment of wine and spirits in the United States is extremely rich and diverse. Wines coming from all over the world are shown on the shelters of liquor stores and outlets: European ones, North American ones and South American ones. The competition is, in this country, even tougher than in Italy. They differ in quality, taste, alcoholic percentage and price, with thousands of varieties according to each criteria. The buying process in this environment is, as a consequence, very hard. To complicate the picture even more, the U.S. wine market is also in continuous evolution. New brands and line extensions are added every week to a normal food chain or store offer.

The speed of the sector is, of course, positive because it allows for progress and innovation, for an offer which is more and more competitive and always updated on the new trends of consumers. In a world where tastes are getting highly differentiated, even between people belonging to the same territory, this is fundamental for a product to survive.
However, the other side of the coin is related to the fact that consumers are not prone to commit to brand loyalty but encouraged to always try new products, belonging to different brands.

The direct consequence of the overall situation is that consumers can get lost and confused. The information they have to memorize is too large for them. They could therefore end up in taking shortcuts to speed the buying process. The most relevant one is associating high price with high quality and the corresponding conclusion for low prices.

This is why the function of all the three tiers in the system is so important. They can all direct the consumer towards their ideal products, for the benefits of everyone. Wholesalers and retailers keep on adding information in their learning process, consumers get what they want in a shorter amount of time, performing also a more qualitative buying process.

2.3.2 Retailers

As just explained, a product like wine requires a certain degree of knowledge. Therefore, for most consumers these kind of stores are not only the most convenient supplier of wine, but mainly a source of information and knowledge. Retailers can help the clients in choosing between the enormous wine supply. Furthermore, in many of these points of sale wine companies promote tasting activities. These are mainly free and allow customers to get in touch with the most recent wine types and enjoy free samples with the opportunity of asking questions about the wines to well informed people. This is also an important way through which both retailers and the people performing the tastings, have a chance to better understand the current consumers' tastes to improve its offer with the direct contact with the demand. Finally, the results of these kind of activities are then evaluated by both retailers and wholesalers, in an effort of always providing very focused and targeted promotional and marketing activities.

2.3.3 Wholesalers

Wholesalers represent the central ring linking the three tiers. They are the intermediaries which match the needs of retailers with the offer provided by suppliers. Wineries produce a consistent volume of wine in terms of quantity but a narrow one in terms of different qualities and types; retailers require exactly the opposite: shorter quantities but deeper assortment. The task of balancing these two demands is performed by wholesalers.

As long as they have direct contact with both actors, wholesalers have full information on them and are, therefore, able to perform some activities in the most effective and efficient way, generating huge savings. Just to give some examples, some of the activities performed in retail stores such as tastings, are fully managed by wholesalers; as a consequence, they are able to have deep knowledge also on consumers, apart from the other tiers. They perform therefore, a fundamental role.

2.3.4 Suppliers

As regards suppliers, the structure of wineries in the United States is highly concentrated.
It presents, nevertheless a different path if we consider the production of quality, expensive wines or of inexpensive ones. The four biggest wineries collects the two-thirds of the whole production in the country; however, when revenues are considered, this percentage drops at half. These figures give the insight on the fact that while big wineries tend to focus on cheaper wines, small ones focus on finest types.
These little wineries represent therefore a crucial part of the total supply. Anyway, for them, performing strong and effective marketing activities is prohibitive. This is why the system, one again, works. Wholesalers have the resources to provide this support.[18]

[18] SIBLEY D.S, STUART J. M., SRINAGESH P. (2008), *Dispelling the Miths of the Three Tier Distribution System*, University of Texas at Austin and ERS Group

2.4 Current trends in the U.S. wine market

2.4.1 Introduction

Consumption trends

Once again, according to the OIV most recent statistics, The United States of America is a continuously growing market and represent today the biggest market for wine consumption, with 30.7 million hectoliters consumed in 2014.

The number of wineries in the United States amounts for 8287 in 2014, mainly concentrated in the five largest production states which are in order: California, Washington, Oregon, New York and Virginia.

As regards the Americans' consumption attitudes, what can be said is that the U.S. wine market is relatively young and the wine culture is for the Americans relatively new. Wine is not a basic element of their food diet, nor are they accustomed to consume it during the everyday meals; on the contrary, wine is perceived as a celebrating beverage, associated to any kind of event outside the daily routine. The wine consumption varies, therefore, significantly according to the different states. The biggest ones for wine consumptions are the state of Massachusetts with Boston, Illinois with Chicago, Florida with Miami and California with Los Angeles and Texas with Dallas and Houston.

The three fourths of consumed wine is made in USA and only the remaining part is imported. The U.S. are the fourth wine producer in the world after France, Italy and Spain.

The supply is concentrated in California, from which comes the 89% of total US production. The State of Washington follows in the chart with the 5% of total supply; the remaining part is shared among the other States. The absolute prominent role played by California is mainly due to the favorable climatic conditions of this territory. The 45% of the total U.S. wine cellars is located in California. Furthermore, the biggest U.S. wine companies are firms which bottle in California or commercialize wine produced in this State. The concentration level is, therefore, very high: the first ten companies guarantee the 75% of total sales.

This is a terrific result if we consider that, as just mentioned, the success of the wine sector is relatively young, if compared to European countries. This is the reason why this trend is not respected if we analyze the per capita consumption. The U.S. market is huge so, even if

figures referred to the overall market make it become the number one country for wine consumption, there is still much work to do in this field and the country has still great potential to show. So, as regards per capita consumption, the United States lies far behind Europe, consuming around 11.9 liters per head, compared to the 48 liters in Italy and the 47 liters in France. This gap is anyway destined to be reduced day by day as European per capita consumption is declining and U.S. one is increasing.

Production

The country is also growing in its own wine production with 22.3 million hectoliters.
The huge expansion potential of the U.S. wine market is pushing the domestic industry to the creation of an American wine culture. While, initially, many producers used to follow and imitate the Italian and French models, they are currently focusing on the product differentiation and on the production of local quality varieties to create a national wine identity. Through policies oriented towards a sustainable production and the elimination of the commercial barriers, the wine industry wants to attract the new groups of consumers, like Hispanics and women. [19]

International Trade

The United States are not among the greatest exporters but are the third biggest importer worldwide, after Germany and the UK with 10739 million hectoliters imported in volume and 4032 million hectoliters imported in value. The leading role among the imported wines is taken over by Italian wines, whose share has been endlessly increasing for more than ten years by now.
This was possible also as a consequence of an important circumstance which took place in the last few years: the reduction in the market share of French wines. The difficulties encountered by still French wines are mainly related to the massive entrance in the US market of Australian wines; with a positioning on the middle-high segment, Australia has subtracted relevant market shares to the French competitors which have been wiped out by competitive

[19] NOMISMA (2008), *Wine marketing. Scenari, mercati internazionali e competitività del vino italiano*, Agra, Roma

products (not only Australian but also Italian ones) having lower prices. As a consequence, still French wines have moved towards a higher price segment. However, France maintains an undisputed leadership in the sparkling wines, with an average price remaining the highest among the main competitors. However, Italy has proved to be very successful too, by being able to carve out a niche for itself in a market characterized by the predominant role of the French Champagne. [20]

[20]*Organizzazione Internazionale della Vigna e del Vino, Organizzazione Intergovernativa*, http://www.oiv.int/oiv/info/itplubicationoiv (18.10.2015)

2.4.2 The Wine Consumers

A deep analysis on the consumption trends in the United States, is provided by the *Wine Market Council*, a non-profit association of grape growers, wine producers, importers, distributors and other affiliated wine businesses, which has for years been tracking American consumers wine buying trends.

The potential market for the wine sector in the United States amounts to 230 million people, which is the number of adults Americans. As already mentioned, in the United States, only people older than 21 years old which are allowed to drink alcoholic beverages. Out of these 230 million potential customers, 44% of these people are wine consumers. Still, more than half of the adult Americans do not drink wine. This share consists of both people who do not drink at all and of people who do not drink wine but prefer beer or other liquors.
Among this 44% we can find the so called High Frequency Drinkers and Occasional Drinkers. High Frequency Drinkers are 34 million people (the 15%) and drink wine more than once a week; the remaining 67 million people (29%) are consumers which drink one less than once a week.

The second great categorization regarding the wine market in the United States marks a division among consumers in four different shots, according to their age and, as a consequence in this case, drinking habits. The oldest generation is represented by the so called *Baby Boomers*, born between 1946 and 1964 being now in their late fifties or early sixties; the younger one is *Generation X*, consisting of people born between 1965 and 1985, being now in their late thirties or early forties and *Millennials*, born between 1985 and 2000, being in their late twenties or early thirties.

As just revealed, each category perform a different behavior as regards wine consumption.
Starting from Baby Boomers, they are usually high frequency wine drinkers, especially in the case of men. In fact, the average age of High Frequency Drinkers is 51 compared to 44 for occasional wine drinkers. Millennials and Generation X, on the contrary, are mainly occasional wine drinkers, especially women. As regards the wine varieties preferred by the different classes, older consumers and men drink heavier wines, younger consumers and women prefer sparkling wines.

This trend is very relevant if we consider that younger people are the most dynamic ones.
The result means, therefore, that the increase in consumption of sparkling wine represents a trend which is attended to keep on growing. Moreover, it is not that surprising that sparkling wine is appreciated by young people and women: these are the consumers which are more prone to innovation and new products, as well as, in the wine field, tend to drink less heavy wines. On the contrary, older people and men, prefer table and still wines. Dessert wines follow in the chart.

As regards the preferences of US wine consumers for 2014, a survey conducted by Dr. Liz Thach, professor of Management and Wine Business at the Sonoma State University of California, can definitely help. The sample included Americans living in all the 50 States of the Union, aging as well to each one of the already seen categories of Baby Boomers, Millennials and Generation X and belonging to different ethnicities. It is, as a consequence, balanced and accurate. The survey identified Merlot as the favorite one with a 55% of people selecting it as top favorite. It follows Chardonnay with 52%, Cabernet Sauvignon with 45% and Pinot Grigio with 44%. [21]

As regards the preferred location to purchase wine, the 80% still belongs to off premise points of sale. 2014 marked a double digit growth in the wine priced between $12 and $30, even if the 75% of the wine sold still belongs to the under $9 per bottle range. [22]

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[21] *Dr. Liz Thach*, https://lizthach.wordpress.com/2015/02/08/trends-in-the-us-wine-industry-for-2015-surging-forward-with-renewed-optimism/ (29.11.2015)
Sonoma State University, http://www.sonoma.edu/ (22.11.2015)

[22] *Wine Market Council*, http://winemarketcouncil.com/ (21.10.2015)

2.4.3 The Italian wine in the United States

Updated charts on the value of imports and exports to and from the U.S. both in value and in volume are provided by the DISCUS. The Distilled Spirits Council (DISCUS) is the national trade association representing the leading producers and marketers of spirits, wine and beer in the United States. According to the DISCUS, Italy is playing the leading role both in the imports in value and in the ones in volume as regards still wines. Concerning sparkling wines, the leading position in value is still occupied by France, Italy ranks number one in volume.

According to the most recent data, collected in September 2015, in 2014 the imports of still wine accounted for 15,930,232 gallons and the sparkling wine ones accounted for 4,436,679 gallons, for a total of 20.366,911 gallons of imported Italian wine. In 2015, this amount rose to 23,653,908 gallons. As regards imports in value, they reached 32,959,165 US dollars in 2014 and 34,325,021 US Dollars in 2015. The other biggest importers in the United States' market are, as already mentioned, France, Australia, Spain, Chile, New Zealand and Germany. These figures can be further seen in the following tables, from Table 1 to Table 4.

The increase in Italian wine consumption in the United States started in the mid-seventies.
Before that period the American market was marked by the overwhelming presence of French wines. These wines were unanimously considered the best ones and in the picture, Italy followed France, but significantly behind. As a consequence of consistent campaigns, also performed by the Italian Trade Commissioner, based in New York, the climb to success of Italian wine started and by now, it has not stopped yet. [23]
In 1974 the imports of Italian wine were stable at 360 thousand hectoliters; in a little more than ten years they jumped to more than 2.2 million hectoliters. This result is even more terrific if we consider the fact that, in the same period, French wines' imports achieved a very modest increase both in quality and in quantity.

[23] *Italian Wine and Food Institute*, http://iwfinews.com/the-success-story-of-italian-wines-in-the-u-s/ (21.10.2015)

But this was just the beginning. During the years, a process of qualitative improvements of Italian wines took place, going towards high-end productions. At the same time, American consumers grew as well and, as Italian wine became finer and finer, American tastes became more and more sophisticated. In 1995 Italian wines imports attained $ 245.2 million and in 2001, they even beat France. Finally, in 2006 Italian imports reached the $1 billion mark.

As can be seen in the following tables, Italy is now leader in the imports in quantity of both still and sparkling wines. As regards the imports in quality, France ranks number one in the market of sparkling wines while Italy is in the first row for still wines.
Italy dominates therefore the current U.S. wine market. Apart from the considered charts in quality and quantity, it also has a stunning presence concerning all the different varieties, qualities and brands offered to customers for every taste and wallet.

IMPORTS BY VOLUME OF SPARKLING WINE (gallons)

COUNTRY	2015	2014
ITALY	4,082,419	4,436,679
FRANCE	2,722,549	2,065,519
SPAIN	1,701,630	1,436,714
GERMANY	122,284	185,346
AUSTRALIA	90,603	146,912

IMPORTS BY VOLUME OF STILL WINE (gallons)

COUNTRY	2015	2014
ITALY	19,571,489	15,930,232
AUSTRALIA	14,887,875	16,412,797
CHILE	9,288,175	10,097,996
FRANCE	7,438,487	6,170,696
N. ZEALAND	4,902,212	4,564,785

Table 1 and 2: United States' imports of wine by volume, of both sparkling and still wine, measured in proof gallons.

IMPORTS BY VALUE OF SPARKLING WINE (U.S. Dollars)

COUNTRY	2015	2014
FRANCE	67,786,375	44,990,322
ITALY	24,363,357	26,462,843
SPAIN	7,896,032	6,831,807
AUSTRALIA	328,373	541,344
GERMANY	307,688	478,835

IMPORTS BY VALUE OF STILL WINE (U.S. Dollars)

COUNTRY	2015	2014
ITALY	99,616,64	84,963,22
FRANCE	73,417,11	62,155,86
N. ZEALAND	31,346,25	31,736,98
AUSTRALIA	30,200,20	33,407,294
CHILE	24,706,76	24,929,05

Table 3 and 4: United States' imports of wine by value, of both sparkling and still wine, measured in U.S. Dollars.[24]

[24] *Distilled Spirit Council of the United States*, http://www.discus.org/ (25.10.2015)

3. A successful branding strategy: The case of Mionetto

3.1 The Brand and the branding process in the wine-making sector

3.1.1 The today's role of the Brand

According to the official definition of the American Marketing Association, the brand is " a name, term, symbol, design or combination of these elements which identifies the products or services of a supplier, distinguishing them from the ones of competitors".

The role covered by the brand in the marketing strategy of a company is having, in the recent years, a terrific importance. This sentence appears today almost insignificant, as long as a lot of companies have focused their marketing strategies on the management of a brand. However, this is a change which happened quite recently, considering that not much time ago the attention of firms was mainly focused on the product and the brand was just "a little more than a name"[25]. This terrific importance endorsed by the brand is given by the so called *brand value*. The brand value represents the difference in price the consumer is willing to pay to have a particular branded good, compared to the one he would be willing to pay for the same non-branded one. This difference is clearly reflected in revenues for the company: this is why the brand is so powerful.

The leadership role of the brand is mainly based on two elements: *objective quality* and *perceived quality*. The objective quality represents the specific, objective characteristics of each product, like the raw materials utilized or the technological level. In some markets, as in the business to business one, this is for sure the most important element. However, in other markets, like the business to consumers one, a dramatic importance is taken on by the perceived quality.

The perceived quality is defined as the consumer's opinion of the ability of a product, or a brand, to fulfill his or her expectations. It may have little or nothing to do with the actual excellence of the product and can be based on different variables. First of all, on the firm's, or

[25] CORBELLINI E., SAVIOLO S. (2007), *L'esperienza del lusso. Mondi, mercati, marchi*, ETAS, Milano

brand's, current public image; but also on the consumer's experience with the other products of the company, on the influence of opinion leaders, on consumer's peer group and others.

In the process of assignation to the brand of a specific level of perceived quality, the consumer identifies an outstanding characteristic, whose presence gives the brand itself a factor of distinction. The perceived quality is not necessary related to the intrinsic quality, also because usually the outstanding characteristic is represented by intangibles elements, whose presence allows the customer to build an image and identify himself in a specific, privileged and admirable market segment and especially into a proper status.

The brand is, in fact, a bearer of assets like the prestige of the product and the refinement of the people who buy it. The capability of creating an high perceived quality to the brand allows the company to obtain bigger profit margins as, as a consequence, it can set a the already mentioned, *premium* price. Nevertheless, the quality perception is not an univocal process: what matters for one consumer could be of no relevance for another. The same brand could, therefore, represent several perception's and preferences' levels.[26]

[26] CARDINALI S., GREGORI G. L., PALLONARI M. (2010), *Piccole imprese vitivinicole e un nuovo approccio al marketing integrato*, Franco Angeli, Milano

3.1.2 The Brand Image

In this process of developing of focusing on the immaterial components of the brand, a central role is hold by the image of the product and, as a consequence, of the brand.
The image of a product is defined as the ability of the product to create, in consumers' minds, general opinions, shared by a specific group of people, regarding the product itself. These judgments are not necessarily supported by direct experience or by objective information. Consumers can consider a product being of high quality even if they do not have tried it directly. The image of the product can also have an effect on the person having, wearing or using that product. For example, when a specific product has an image of elegance, that same image is mirrored on the person to whom the product belongs.

The image of a product is strongly related to the image of the brand the product belongs to. This is why, generally speaking, this can usually be called *Brand Image*. The Brand Image can be defined as the image infused by the specific logo, name, packaging of the brand. This element is the one identifying the brand and distinguishing it unequivocally from the competitors. The brand image of the product has therefore two functions; first of all it reassures the customer on the characteristics of the product and simplifies, as already said, the buying process; secondly, the image is the element which defines the consumer in front of its peer group. The image is mainly a cultural factor which depends on the ensemble of values and believes of peer groups to whom each consumer belongs. It is therefore strongly linked to group and custom dynamics.
The brand image can be referred to the producer, to the products' category, to the product itself. Companies can choose whether to use one or more brands for these three categories. Usually, a company uses different brands for different categories and for products belonging to different categories.

At this point, something must be highlighted. A company can always affect its products or brand image through marketing and communications activities; anyway, the image is a phenomenon which does not entirely depend and therefore cannot be always controlled, by the company itself.

The image is affected by the actions and the opinions of other consumers, institutions and opinion makers and in this case, the firm cannot have any influence. The image of a company can even be modified because of issues which do not concern it directly but which regard competitors or the overall situation of its sector. Furthermore, In the long run, consumers tend to link the opinion of a product not on objective facts but on the already established image of the brand. The time necessary to overturn a negative judgement can be very long. So, a brand generally considered of low quality could even produce a good quality product but it will take a long time to convince consumers that that brand could be comparable to far more well-known and considered ones. [27]

[27]BUZZAVO L., STOCCHETTI A. (2002), *Marketing, tecnologia, globalizzazione, le sfide della competizione globale e delle tecnologie digitali per il marketing*, Franco Angeli, Milano

3.1.3 The Corporate Branding

A further branch of the branding process is embodied by the so called corporate branding, or the branding process for corporate brands. The Corporate Brand is the brand identifying the company, its history, values, culture and strategy. It is not referred only to the product the company supplies but represents a whole imaginary and, for extension, all the different products under the brand umbrella. We have a corporate brand when the company presents itself in the market with its name which assumes directly the role of brand, representing each and every single product, independently from its commodity-related category.

It is the brand of the company which act as a grantor for the whole range of products, not only for the intrinsic qualities, performance of the product but also as regards the principles and values it inspires. The corporate brand becomes a promise for the product. In fact, as long as the brand moves from being the distinctive attribute of a brand to be an ensemble of values representing the company, then it tends to assume an autonomous identity, expressing a personal evocative potential.

As for the product brand, the corporate brand allows for different actions: it grants for the reputation of a series of attributes, both tangibles and intangibles, it is a promise made by the company to its customers, it is a cognitive shortcut for consumers which can easily recognize and remember the company, apart from its products.

As referred to the products, launched under a corporate brand, the success of a corporate branding activity occurs when the action of the company has the result of making unique and special offers; even if these offers do not have a good potential of differentiation. Success is achieved even when consumers shift their opinions from tangible attributes of the products to the intangible ones of the brand. The ultimate goal is, in fact, to transfer on the corporate brand, the quality of the products.

In the creation of a corporate brand, different situations can take place. The first case occurs when the company belongs to just one merchandise-oriented category, it may produce different versions of it but all of them belong to the same one; the other situation takes place when the company produces just one product so there is perfect coincidence between the brand and the product. Or, the final case happens when the company utilizes the same brand even for products belonging to different merchandise-related categories.

The products, launched under the corporate brand, benefits from its positive image and are born having already a good reputation among stakeholders. The corporate brand grants for its products' qualities and protects the underlying brands; this condition allows the brand to capitalize its fame and credibility producing also economies of scale in communication and distribution exercising brand extension strategies: the corporate brand is already well-known so the process of entering new markets, is made far easier.
The opposite side of the coin is, of course, that if a bad reputation affects the corporate brand, it then affects every product. In this case, the company can pursue two different strategies.
The first strategy involves operating in the market with one single brand; in this case the bad reputation of the only single brand is directly translated to all the others and it is far more difficult to revitalize the company after that. On the contrary if the company operates with several independent brands, then the task is easier because the bad reputation will affect only that one single brand.

Therefore, it is important to properly manage the brand extension. If you want to conquer different markets pursuing a very flat horizontal strategy, it is important to create and strengthen a whole set of values, shared by all of the merchandise-oriented categories, otherwise you risk losing the uniqueness of the brand which will end up in representing just a simple reference for the origin of the products, no more a symbol of differentiation and value. Core values always have to remain part of the brand.
On the contrary, if the strategy involves the creation of a product embodying different values, then the brand name has to be changed because if a brand is associated to certain values, then all its products have to represent that same values. As a consequence, the same path has to be followed by a brand wanting to move from one quality segment to another. Each quality level stand for different values so, again, they cannot be all represented by the same brand. [28]

As a consequence of this theoretical background, it can now be sentenced that the brand of the company we are about to analyze, Mionetto, actually belongs to the ensemble of corporate brands. As will be better explained in the following sections, the strategy of the company has, in fact, always been focused on the promotion of this brand which is the name of the company

[28] PRATESI C. A., MATTIA G. (2006), *Branding: strategia, organizzazione, comunicazione e ricerche per la marca*, Mc Graw Hill Companies, Milano

and embodies all the values which the management have always wanted to be transferred to its products.

3.1.4 Branding in the wine sector

In the very last years the interest towards wine and the wine sector has had a dramatic growth: the product and the relative market have been the protagonists of a real boom, which does not seem to be only a temporary trend. On the contrary, it seems to be the result of an increased sensibility, raised by consumers, and of a better valorization of the supply system, thanks to producers. It seems evident that, both in the national and in the international markets, a new room for wine has been opened. The necessity to overcome the traditional focus on production volumes and sales is by now clear. Today what is truly necessary is to promote new competitive strategies which dedicate more and more attention towards the intangibles segments of the offer. In particular, the raising interest of consumers towards quality wines, well identified by distinctive elements like the brand and the denomination of origin, pose the producers in front of a need to develop effective branding strategies.

The brand proliferation phenomenon

Different brand new phenomena are pushing the wine market towards a continuous evolution. First of all, thanks to the increasing speed of the information flow, consumers are more and more informed and demanding. Their tastes evolve every day, becoming always more specific. Companies have, as a consequence, to promptly adapt to the consumers' new trends and tastes, otherwise consumers will turn away to find other products which better satisfy their desires.

This situation has raised the competition between the various available brands which faced this challenge through the so called "brand proliferation" phenomenon.

The brand proliferation phenomenon consists in the creation of very deep product lines, under the same brand umbrella, recognizable through different sub brands. Through the development of numerous lines, each having distinctive characteristics, the company increases its likelihood of meeting the different consumers' preferences. This continuous proliferation of brands, often remaining under a certain level of visibility, and the increasing international competition highlight how the integration of branding policies in the producers strategies is an unavoidable factor for the survival of companies themselves. In this nowadays

global environment, the creation of value for the brand, or brand equity, has definitely proved to be crucial and this is particularly true in the wine market.[29]

However, the growing complexity of brand strategies have increased and confused the consumer's perception of the different brands: they become hardly recognizable. As a consequence, a higher attention is saved for the immaterial components of the brand. In this sense, it is fundamental to invest in the emotional sphere of the consumer's buying process.
Especially, in the wine market, we can identify the playful use of wine, which is characterized by particular moments of consumption like happy hours, parties, events or other special moments in which the product itself becomes an element able to make the event have a unique and inimitable meaning. The context gravitating around the wine has therefore a crucial importance because it gives the consumer the already mentioned intangible elements, which added to the mere good, make the product become a brand.

The winning strategy proves to be surrounding the product with aspects which can inspire the consumer, creating in him or her an emotional tie with the product and the brand.
After the creation of the brand, the creation of the brand image is therefore the natural following task to be performed. As will be explained in the following sections, this is the strategy performed by Mionetto.

The winery has been able to give its products the image of Italian products, creating all the imaginary involved. This imaginary, or brand image is mainly related to both heritage and innovation. The heritage is linked to the territory and to the century long experience of a tradition which is a hundred per cent Italian.
Drinking that precise wine, coming from a well-defined place, gives the consumer the feeling of having the possibility to enjoy the atmosphere belonging to places which are far away, getting to know different cultures and habits.
What happens very often is that talking about a Tuscan wine rather than a French wine, allows the consumer to associate immediately the quality of the wine to the territorial elements of the vines of origins. It is this kind of associations that affect the consumers'

[29] CARDINALI S., GREGORI G. L., PALLONARI M. (2010), *Piccole imprese vitivinicole e un nuovo approccio al marketing integrato*, Franco Angeli, Milano

perception, so that the producer can exploit the income coming from this intangible element. The brand does not identify only a specific wine but also a specific territory: this is the reason why it is so important.

Furthermore, Mionetto has managed to be also innovative, proposing new solutions for its core, landmark wines. The best example is referred to the design of its wine bottles.
Drinking wine from bottles looking elegant, charming, well designed, leads the customer to perceive a form of pleasure which is double: apart from the pure taste of the product itself, its sight rejoices in front of the beauty of the objects, a bottle in this case.
This is what Mionetto has done with the campaign called " Design del Gusto", in English "Taste Design", which will be deeply explained in the following sections. It is up to the wine bottles, this time, to give this double pleasure in their being, again, completely Italian in their design, shiny colors, attractive shape, taste for the beauty.

3.2 Mionetto Italia S.p.a

3.2.1 The story of Mionetto Italia S.p.a

Mionetto has its origins in Valdobbiadene, a small town on the hills in the Italian province of Treviso, famous worldwide for the production of Prosecco. The foundation of the winery dates back to 1887 thanks to the winemaker master Francesco Mionetto. It started therefore as a family-run business, encouraged by a strong passion and affection both to the product and to the territory. [30]

Since the very beginning the winery has been able to distinguish itself for its strong tie to the territory and to its origins, for its being Italian, but with an eye on the future, promoting innovation in all its products. The identity of Mionetto lies in the production of Prosecco, whose high quality remained unchanged through all these years. However the winery has also been able to extend its portfolio to other lines in order to meet the changing tastes of consumers. In a little more than a century, the small family-run business has been able to transform itself in one of the most important Italian wineries. Furthermore, its success has crossed the Italian borders: Mionetto is present physically in a lot of countries in Europe and outside Europe. As well as in the United States where it is having a great success as Mionetto USA Inc..

During the years Mionetto passed through different and various improvements marking new phases and new starting points for the company.
As already said, the foundation of Mionetto dates back to 1887 when the founder, Francesco Mionetto started its adventure as a family-run business. During the years, the company became bigger and bigger, marking its way in the Italian wine market.
In the early eighties the time was ripe to take the Italian Prosecco abroad. The first country on which the company focused on, was Germany. It all started going back and forth all the way from Valdobbiadene to Germany to see if, at least, there was a potential market for Prosecco.
The feedbacks were positive and starting from this moment, the adventure in Germany began. Now Germany has become, for Mionetto one of the most important, if not the most important market in its entire countries' portfolio.

[30] *Mionetto, Bollicine Italiane*, http://www.mionetto.com (04.10.2015)

The arrival in Germany, was also the moment when Mionetto felt the strong need to transform its product into a brand. In the Italian market, the company was already known but had not established a defined brand nor a precise brand strategy yet. Being present in a different country when both the product and the company were unknown, allowed the company to understand the deep need to strengthen and improve these points. The idea of creating a brand has always been part of the DNA of Mionetto, starting from day one. Francesco Mionetto and his successors immediately realized that this was fundamental to distinguish themselves from all the other wine companies in the territory. In fact, while other variables as, for example, the pricing, can be copied, the brand is the only thing which can never be imitated but will always mark the uniqueness of the company and of the product. Anyways, it took a while for Mionetto to have the appropriate means and resources to start thinking about initiating a proper brand strategy campaign. As just said, this moment corresponded to the coming in Germany. Fifteen years of intensive guerrilla marketing followed this phase and lead Mionetto be, by the mid-nineties, widely well known in the whole Italian territory, as well as in the German one.

It is in the mid-nineties that the company faced a new turning point: Mionetto was not a little family-run business anymore. It needed therefore a more managerial and business approach to the market to face the increasing difficulties it was about to encounter.
In 1999 a new chapter started for Mionetto when the Zanin family entered the business.
The Zanin family came from Montebelluna, a small town located fifteen minutes far from the headquarter of Mionetto in Valdobbiadene.
They had a deep knowledge of the supply chain management and of the commercial field plus a relevant liquidity: exactly the qualities needed by Mionetto.
The family was well known in the territory for its business ventures dating back to the seventies. Starting from a small shop in the home town, the family-run business launched its first series of wholesale supermarkets, reaching about twelve points of sale through northern and central Italy: these were then sold to the German giant Billa.
In the nineties the Zanin family realized, in partnership with a French group leader in the sector, one of the first shopping centers in Italy: the former Rally, now called Tiziano, afterwards sold to the French group itself.
It followed then the acquisition of other two companies working in the pastry-making and artisanal sector: Anselmi srl and Montebianco; afterwards flowed into the Mba food technology which will become the second company in Europe for revenue in the sector.

The last venture undertaken by the Zanin family was, finally, Mionetto.
The three Zanin brothers, Aldo, Giuseppe and Antonio, started in 1999 buying some of the shares of Mionetto: by 2005 they had acquired the whole winery. This was a huge jump for Mionetto. This family introduced more order inside the company and a new managerial approach which took Mionetto a step further. They combined the emotional aspects of the original company with the business ones, without modifying the core. They led Mionetto producing nine million bottles a year, concluding the range of products acquiring the Wi.s.co with the spirit brand Brotto and the wine brands La Pieve and Amistani Guarda Venegazzù. [31]

When this kind of mergers and acquisitions happen, the risk for the acquired company is to be changed by the acquiring one, becoming something totally different from what it was. The Zanin family, on the contrary, was able to understand the DNA of Mionetto and to valorize it without revolutionize it. With their help, new lines, which now are the best seller ones of Mionetto were born: Prestige, Luxury, Il Line and in six years the company had doubled its revenue
The greatest point they introduced was the will of making Prosecco become a daily beverage. They wanted to produce both a quality product and a wine easy to combine and share in every moment of daily life. With the slogan " Prosecco with jeans" they conceived for the first time one of the concepts which became afterwards deeply rooted in Mionetto, representing also today one of the core aspects in defining the image of the company.

The last big revolution Mionetto faced, happened in April 2008. After almost ten years of brilliant leadership, Aldo Zanin sold the entire winery to the German Group Henkell & Co. Sektkellerei KG, established in Wiesbaden, Germany. Henkell & Co. is one of the biggest producers of wine and spirits in Europe. Its radius of action includes twenty countries around the world, exporting to more than one-hundred states.
The company is the market leader for sparkling wines in Austria, Sweden, Hungary, Estonia, the Czech Republic, Slovakia, Ukraine and Canada and, as already mentioned, for Prosecco in the United States. It has also a leading position for spirits like gin and Vodka in Germany,

[31] *Enzo Favero,* La tribuna di Treviso, http://tribunatreviso.gelocal.it/treviso/cronaca/2013/01/07/news/e-morto-aldo-zanin-pioniere-degli-iper-fondo-il-rallye-1.6312843 (21.11.2015)

Polad and Slovakia. Henkell closed 2014 with a total sale of 20.85 million cases of sparkling wines and a turnover of 700.7 million euros.
The origins of the company date back to 1832, when Adam Henkell founded the Henkell & Cie. sparkling wine cellars, and to 1864, when Johann Jacob Söhnlein founded Söhnlein Rheingold KG. After being rivals for more than a century, the two firms finally merge in 1987, becoming the today well-known Henkell & Söhnlein Sektkellerei KG. [32]

Furthermore, the group is in turn part of the holding named Dr. Oetker Group, established in Bielefeld, Germany. This German colossus is articulated in several sectors of activity.
It is not only a wine and spirits group but it contains a food, beer and non-alcoholic division as well as a shipping division and some minor interests as a banking division, a chemical company and a chain of luxury hotels. It employs more than 28.354 employees worldwide and has closed fiscal year 2014 with a revenue of more than 10.934 million euros. [33]

Despite from the ownership of the company, belonging now to the German Group, the Italian quarter in Valdobbiadene had maintained the role of managing the winery and the direct control on the raw materials cultivated through the whole production process. This decision was taken in order to preserve the technical and agronomical knowhow, due to more than a century old experience, which has always represented a fundamental surplus for Mionetto.
As the marketing manager of Mionetto, Paolo Bogoni underlines, "the attention for innovation and for the quality of all the products, in order to allow the brand to continuously grow in value, were already part of the DNA of Mionetto. This partnership had opened new growth possibilities for the winery in terms of both international trade and of internal improvements, thanks to a fruitful exchange of experiences". [34]

[32] *Henkell & Co. Gruppe*, http://www.henkell-sektkellerei.com/ (21.11.2015)

[33] *Dr. Oetker*, http://www.oetker.com/de/startseite.html (12.12.2015)

[34] *Italia a Tavola*, http://www.italiaatavola.net/articolo.aspx?id=13833 (12.12.2015)

Today Mionetto lies among the most important wineries in Italy and abroad, being the leading company in the market of Prosecco. It has closed fiscal year 2014 with a revenue in positive growth, reaching 57.3 million euros with circa 17.9 million bottles sold (+7.8 % compared to 2013). Together with a good performance in the Italian market and despite the consumption crisis, the brand is in growing expansion with terrific performance in the United States, where it operates as Mionetto USA Inc, since 2008. It also marks a great success in the United Kingdom, Switzerland, Latin America, Far East (Japan, Corea, China) and especially in Germany. The historic winery of Valdobbiadene keeps on confirming its role as a referring driver for the whole Prosecco category, stimulating consumption at an international level and becoming ambassador of the overwhelming value of the territory, telling its story to the entire world. [35]

[35] Credito Trevigiano, Filo Diretto, http://www.creditotrevigiano.it/documenti/filodiretto/filo_diretto_2006_2.pdf (12.12.2015)

3.2.2 The Marketing Strategy of Mionetto Italia S.p.a.

As already explained, Mionetto Italia S.p.a. started developing its marketing strategy, or better its branding strategy, around the eighties. In between the different variables of the marketing mix (product, price, place, promotion, people and packaging), the company decided immediately to focus on the product itself, making it become a strong brand. To understand why, some factors have to be taken into consideration. First of all, the packaging can be easily copied and will not be a factor of differentiation anymore. When it is about price a bottom price cannot be fixed as long as there will always be someone fixing a lower one. As regards place and promotional activities, these can always be mirrored too. The only variable you can rely on and which makes the product sustainable during time is the brand. This is why it is fundamental to focus on it.

In Italy, the company started having what could be called a "first mover advantage". By that time, more than thirty years ago, few wineries used to develop branding strategies. The only existing brand in the wine sector was champagne. The others were only cheaper versions of champagne.

As a consequence, when Mionetto started showing up its new product, Prosecco, it immediately marked the fact that Prosecco was not champagne and that Mionetto was not another cheaper version of it. It was Mionetto Prosecco and the name was always and continuously repeated and associated to the Prosecco itself. This is how the winery started branding Prosecco: the name of the brand was part of the product, even better they wanted the brand to be equivalent to the product, being recognized as the product itself. This equivalence between Prosecco and Mionetto has always been the priority of the strategy: when consumers were thinking about Prosecco, the company wanted Mionetto to be the first association coming up to their minds .

So, as just explained, the company introduced Prosecco, identifying it as a brand new type of wine, unexplored and completely different from any other. According to this strategy, Mionetto had to enter a new market with a product which was completely unknown to local customers: probably one of the toughest ways of doing business. The first years were therefore the toughest: it was hard to sustain the position chosen. However, this was an investment which paid back in the end.

Starting from the eighties, the first fifteen years were, therefore, mainly devoted to fulfil this purpose: entering the market increasing in distribution and visibility. Mionetto wanted to reach the customers in the quickest way possible through a wide spread distribution and performing activities which would make the brand be remembered. As a consequence, the winery decided for a marketing strategy which would reach these objectives.

Mionetto adopted the technique known as *Guerilla Marketing*. Guerilla Marketing is an advertisement strategy which involves the use of unconventional commercial techniques. It is mainly used by companies having little money to spend. It involves a higher level of efforts and creativity as the objective is to catch the consumers' attention in a way which is different from the ones they are used to and which is therefore designed to remain unforgettable.
The core identity of Guerrilla Marketing is that these kind of activities are usually performed on the streets or in other public places, like shopping malls, parks and so on. The reason is that this strategy focuses on reaching the biggest audience possible in one shot.
The important factor of differentiation of Guerrilla Marketing is that it develops a strategy whose purpose is the establishment of a direct contact with consumers. According to this strategy, this is the only way to move and touch customers, so that they will remember the brand. The already mentioned activities consist, for example, on the distribution of fliers in occasion of particular events or occurrences. They do not have to be linked with the event but could simply get advantage of the situation. The issue is, therefore, to find both the right place and the right time to perform these activities, reaching the set goals.

As regards Mionetto, the winery started being present in on and off premise points of sale with a wide variety of objects branded Mionetto. By that time, when social networks were still unknown and the *dot com* phenomenon was about to boom, these kind of activities took the most.
Mionetto started providing restaurants, bars and shops with ice buckets, beach umbrellas and especially ashtrays branded Mionetto. Their design was carefully studied and created to impress customers and, of course, to make them remember the brand. Furthermore, Mionetto had the exclusivity on the design of all these objects: this meant that nobody could copy their idea and they could therefore maintain the image of distinction the winery had always aspired to.
Mionetto was the only company having this full range of gadgets showing in capital letters the name of the brand and this proved to be fundamental. This strategy allowed them to have

an immediate return on sale. They used to provide, together with the purchase of their wine, a complete set of gadgets including corks, glasses and even refrigerators. Something which nobody else was doing.

Another important point of advantage was related to the sparkling wine as a product itself: people cannot produce it by themselves at home. In the Italian market, by that time, there were actually a lot of people crafting their own wines, but this is possible only with still wines. As regards sparkling wine, bubbles, it cannot be done. This is why the mark up or margin on sparkling wine can be fixed actually higher.

As already explained, one of the key features, which has always being part of the DNA of Mionetto is innovation. The winery has always tried to bring to the market wines which were avant-garde, new and different also in their design. As regards the Italian market, Mionetto created wine bottles with a specific, brand new type of cork: a twine binding cork.
The twine binding is an ancient technique utilized by the old winegrowers to avoid the wine bottles to uncork during the natural fermentation. Mionetto proposed it again to the market in 1961: today it is still handcrafted by specialized operators.
The packaging, the way the bottle looked like, was therefore different from all the other brands in the competitive arena and it also looked handmade, handcrafted, directly from the hands of the farmer. Once again, this strategy proved to be efficient. People appreciated it and liked it: it was a great success.

The other key variable which Mionetto has always focused on is heritage. Unlike the majority of the other wine producers, Mionetto has been producing Prosecco for almost 130 years by now, since 1887. During this time, it has always tried to represent the heart and the soul of Italy for the wine sector, improving the quality of its products and enhancing with them, the beauty of the country and of the specific regions where the wine is produced. This characteristic has become more and more relevant, as will be explained in the following section, in the U.S. market.

The guerrilla marketing strategy lasted more than fifteen years in which the company reached its objectives of distribution and visibility, becoming well-known in the Italian market and present in a great number of point of sale in the whole territory.
It was already mid-nineties when Mionetto decided to explore another new market, rather than the Italian one, and go overseas. This was the starting point of the United States adventure. All the available resources, at least for the very first years, were devoted to this new challenge.

In the very recent years, as the American headquarter has become highly autonomous and even more successful, the mother company has committed again to strengthen its branding strategy.
Mionetto has developed a strategy which is both off line and on line. As regards the off line, the winery is present in the most important and popular magazines in the wine sector.
As regards the online activities, Mionetto has created and developed a well-designed website which can be consulted either in English or in Italian and contains full information on the story of the winery and of its improvements and new features, developed in more than a hundred years of history.
The website reveals, for example, the presence of Mionetto in the world of social networks. The winery has, in fact, a corporate page on the most famous ones: Facebook, Instagram, Twitter, Youtube, Pinterest and Flickr. In each social, the name of the page is Mionetto Prosecco. Therefore, it can be definitely sentenced that the branding process keeps going on. The name of the product and the name of the brand, are always placed side by side as if they were the same one thing. Looking at these sources, the consumer can get immediately the connection between Mionetto and Prosecco, he or she can make the equivalence: Mionetto equals to Prosecco and vice versa. This association will be the first thing the customer will see and, as a consequence, the first thing he or she will know and remember about the brand.
The website shows, also, with detailed pictures, all the different collections of the company. It further underlines the importance of the link to the territory playing various informative and educative videos on the Prosecco area and on the different practices and techniques which makes its Prosecco so special. It names in detail all the awards won by Mionetto wines and it finally describes the communication campaigns put into practice by the company.

Among all the different communication initiatives, the most relevant and new one is the so called *Design del Gusto*, in English *Taste Design*. This charming term was actually coined a while ago but a more intense development of this project, with the creation of a brand new bottle, just for this occasion, was launched for Christmas 2015.
This campaign includes the involvement of all the five senses in the optic of giving the consumer a complete brand experience. It starts from the touch, describing how to hold the fancy designed bottle and giving advice on the ideal temperature to consume the wine. Then comes the hearing, inviting the consumer to enjoy the delicate noise caused by the bubbles once the bottle is uncorked. The third sense involved is the sight, encouraging the customer to admire the shiny gold color of the Prosecco. Almost at the end of the process, before tasting, comes the need to smell the wine to better perceive its different scents. Finally, time is ripe for the tasting experience, in which Mionetto also suggests which types of food will be good to be combined with the wine. This strategy involves a complete commitment of the senses, being therefore enriched with a whole bunch of intangible aspects, adding a strong value to the product: it is totally in line with the already mentioned trends spreading in the wine market.

Worth to be mentioned are also the various events, at a national and international level which see Mionetto in the front row. Just to name a few, Mionetto joined the 2015 Milan Design Fashion Week, which is the worldwide most important event in the world of design and is devoted to all the enthusiasts, showing the most innovative, avant-garde tendencies.
Mionetto is also part every year of the Vinitaly. the most important international fair, devoted to wine and spirits.

3.3 Mionetto USA Inc.

3.3.1 The story of Mionetto USA Inc.

The official foundation of Mionetto USA Inc. dates back to 1998 but the interest of the company for the American market started a few years before. After having reached a good and stable level of awareness and growth in the home market Mionetto decided to go abroad. The Italian market was almost saturated: the country is small, the population is scarce and there is much more supply compared to the demand. This is why in the early nineties, marketing researches were conducted and the results presented the United States of America as the market with the highest rate of potential growth in the winemaking sector. Of course, one of the reasons for this result is that the New World market is huge with a population which is more than six times compared to the Italian one. It could therefore give far more opportunities and growth to whatever business. By the time the interest towards the United States rose, Mionetto had already crossed the national borders, being present in Germany and Northern Europe. Anyway, the United States was a different story. Going back and forth from the headquarter in Italy, as it used to do and still does for the former countries, was out of matter: a constant and direct presence in the country was needed.

The mother company decided therefore to establish a separate and autonomous branch for the company with its own management organs, Chief Executive Officer (CEO) and Chief Financial Officer (CFO), to take care locally and directly of the huge American market.
In this extremely big country Mionetto had also to choose the specific city where to set up the business. The chosen one was The Big City by definition: New York City. There are at least two major reasons which guided this decision. First of all, New York still represents the center of the United States and of the world in the economic and financial field. Every important company has at least one branch in New York as well as any important financial center has at least one quarter in the financial district. Furthermore, on a logistical point of view, New York is closer. It lies on the East Coast which is the closest one to Europe and, as a consequence, to the Italian headquarter. It makes it therefore far easier to move both the wine and the people, and to travel towards the home country if compared to the West Coast cities, as well as to any other big city in the US.

The first office was then established in Manhattan, the financial and business district by definition contained in the city of New York. As long as Manhattan is the business center of New York, this was the only way to be taken into consideration by the market, at least in the beginning when the company was unknown. Mionetto had to be present in the place where things happen.

The adventure began in July 1997 when the current CEO of Mionetto USA Inc. came to New York to get knowledge about the US market and to get information on how to start a business here. In a few months, he found Mionetto USA Inc. in 1998.

After a certain degree of recognition, the company moved the headquarter to Brooklyn. Brooklyn is another district belonging to the city of New York, very close to Manhattan but having different features: rents are cheaper in Brooklyn and spaces are bigger too.

Finally, in summer 2012, almost four years ago, as the winery had become a landmark in the American market in the production of Prosecco, the headquarter was moved to White Plains, a small town forty minutes north far from Manhattan. Citing strong growth in its wine business, the company leased 6,800 square feet of office space. By moving to Westchester County, Mionetto USA has grown its office space by 70 percent.

This series of decisions can be considered as a marketing strategy. Living and working in the City is incredibly expensive but nobody would never start a business with a new, unknown company coming from a small town in the New York Upstate. Mionetto proceeded therefore in stages, moving consequently to the places where it could have both a less expensive accommodation and a bigger office as the company was growing and becoming known in the US market.

After having mastered New York, the company started paving its way in the real America. Huge marketing researches would be needed to find the best markets for a product like Prosecco, in order to decide where to set up further branches. However, these kind of researches are considerably expensive and Mionetto was, by that time, still a startup and it could not afford these kind of expenses. An alternative kind of researches were then conducted, exploiting information which was at everybody's disposal. Mionetto decided to analyze all the different states forming the United States according to each one's income. Prosecco was a new, different, innovative product and, compared to still wines, also a more expensive one. Wealthy people who travel, study, learn, proved to be more prone to innovation and new products and are also more willing to spend money on them. Demographic researches based on the income and divided by areas were therefore conducted.

With the results of these researches in his hands, the current CEO started therefore going physically to these areas to introduce Prosecco to customers in both liquor stores and restaurants. Areas with low income were not even taken into consideration, not in the very first years when resources are limited and the product is totally unknown: in these regions nobody would have never ever bought one single bottle. The crucial point in this phase, to be the most effective and efficient possible, is knowing the product. If you know it, then you will easily understand who will like it and where to go to sell it.

The researchers showed basically four markets, recognized as relevant for the wine consumption. These are Massachusetts with Boston, Illinois with Chicago, Florida with Miami and California with Los Angeles. A single sales representative of the company was then sent in each of these states.
Today Mionetto USA is active in each one of the fifty states belonging to the United States and employs fourteen Sales Representatives. Two Area Managers take care of the four main great areas, or divisions of the US market. These are Eastern, Western and Central US and finally the Caribbean. Each Area Manager is then responsible for six Sales Representatives which are in charge of single states or minor divisions.

The initial idea Mionetto Italia had in mind, while thinking about the expansion in the American market, was to create an American Headquarter providing the marketing and administrative tools to manage locally the US market. Once achieved this object, the winery wanted to lean on both an importer and a distributor to bring the wine from Italy to the United States and then distributing it from New York to the entire country. Therefore, the New York office was expected to have nothing to deal with neither the importer nor the distributor functions. However, what happened in reality was absolutely far from any forecast and expectation.

Mionetto USA Inc. took over the import and distribution of the original Italian product in the US American market and, within the shortest time, the brand rose to market leader position for Prosecco in the United States. Why did this situation take place?
As regards the importer, Mionetto had initially found a partner but the winery was not satisfied by how the partner was building the business and decided therefore to perform the job on its own. The company wanted to work with people having direct experience on the field, having an idea of what to do in order to increase and enlarge the business. Again,

Mionetto could have relied on huge marketing researches conducted by big companies. These can usually help in shaping the market perspective, giving directions on how to set a successful business, but they are not enough and, what is more important, they are not one hundred per cent sure. By the time Mionetto arrived in the United States, nobody knew Prosecco: marketing researches would have surely sentenced that there was no market for Prosecco in America. Mionetto knew the task was difficult but believed in the potentiality of its product and decided to make the dream become true. The company believed there was room for Prosecco in the American market and that it was only a matter of making people know and understand the product.
This is how Mionetto USA became one of the most important importers in the United States.
What is important to underline, is that Mionetto USA does not cover the functions of a winery. The whole production process remains and has always remained in Italy, managed by the Italian headquarter. Once the wine is ready to be shipped, Mionetto imports the bottles, coming all the way from Italy and distribute them in the American soil.

As regards the distribution function, Mionetto leans today on the leading warehousing and transportation service provider to wine and spirits importers, wineries, wholesalers, retailers, restaurants, auction houses and private collectors in the United States: Western Carriers.
The company serves the country from two main warehouses, one in California and the second one in New Jersey. The New Jersey warehouse is especially devoted to warehousing and transportation to fine distributors selling to retailers in metro New York and New Jersey. Western manages the entire logistics chain from arrival at the port through delivery to the retailer. Through this company the wine arriving to the US, all the way from Italy, is then distributed in the whole country. To conclude, the shipping of the wine happens by sea. From the Livorno Port in Italy, the wine arrives directly to the United States.

As it can be easily imagined, the process of penetration in the American market was not easy for Mionetto. The hardest points can be sum up in two levels of problems.
The first big difficulty Mionetto encountered while entering the American market was related to the product itself. In the nineties, Prosecco was basically an unknown product in the United States. First of all, Americans were not the heaviest wine drinkers; as already explained, their historical path was different from European countries as France or Italy where wine consumption have been profoundly rooted in the common habits of the people for centuries.

Americans were used to drink liquors and even when wine took the most, they were still used to drink their own wines: American wines. The majority of American wines are still wines so, even usual American wine drinkers, were pretty unaware of the existence of sparkling wines. To conclude the picture, for the few who knew the existence of sparkling wines, they identified all of them with the worldwide most famous one: champagne. The first difficulty was therefore making customers understand that Mionetto was not Champagne but Prosecco, a different type of sparkling wine and convince them to try it and trust it, even if they had no idea of what it was.

Another relevant difficulty was related to the market itself. Mionetto had to enter, with a totally brand new product, a market which had already its own supply, demand and its own rules and factors of differentiation if compared to the Italian one.

Among others, which will be explained later, the biggest one was the fact that the American market is far bigger and more differentiated, compared to the Italian one. New and diverse marketing activities had to be performed following the relevant size and scale of it.

Furthermore, the American wine and spirits market is governed by strict rules and procedures which have to be followed and which were absolutely new for the Italian company.

Finally, as just mentioned, American consumers are extremely different from Italian ones: they have a different culture, especially when it comes to wine.

The branding strategy had therefore to be adapted to this market, without modifying the core values and characteristics of the winery.

3.3.2 The Marketing Strategy of Mionetto USA Inc.

As regards the marketing strategy developed in the United States, once arrived in the new market, Mionetto brought over there the same brand philosophy applied in the headquarter in Italy. Even more than in Italy, in the American market the brand is almost everything. It is the brand which allows a company to earn higher margins. Only owning a strong brand and exploiting the power of it, you can raise the price and being firstly known by customers and then successful as well. This is particularly true in the United States because in this country the competition, as we will see, it definitely tougher.

The marketing strategy of Mionetto USA can be summarized using the same two key concepts already explained in the case of Mionetto Italia. The tension between the old and the new has given birth to a scenario which sees heritage from one side and innovation from the other. As regards heritage, this concept could be exploited in the United States even more than in Italy. As already seen, the wine market in the U.S. in quite recent and cannot boast a tradition of more than one hundred years. Considering only this variable, Mionetto would have already beat the competition; plus, the strategy was made even stronger by emphasizing the century long heritage of an Italian company,

In the United States Italy is associated to the so called *good life*. Italian people are considered the ones which enjoy life the most; Italians have delicious food, live surrounded by thousands of years of history, can enjoy a warm weather and work a little bit less: basically they have what Americans do not have. Finally, they produce exquisite wine. Again, it is all about the image created around the brand. It is the image who gives the intangible aspects, consumers cannot forget. This is the reason why the company has been able to be successful in this market after the first years while it had hard times selling a product, Prosecco, which was by that time, totally anonymous in the U.S..

As regards innovation, Mionetto presented the bottle of Prosecco in an innovative way, as previously done in Italy with the twine binding cork, but adapting it to the American taste.

The American consumers are known worldwide for being great beer fans. This is why Mionetto created a new cork for the wine bottle, specifically for the US drinkers: the so called *Corona Cork*. The name comes from the famous beer brand *Corona* and the objective of this campaign was to fill in the gap between wine and beer consumers, creating a product which had similarities with both of them. From a technical point of view, this new cork made it far

easier for the consumer to open the bottle, without the need of a corkscrew. Being at a restaurant or at home, having all the precise instruments to open the bottle was not anymore necessary. This brings to the second important point. From a marketing point of view, the Corona cork gave the wine itself a more casual image. The wine could now be consumed everywhere, exactly as it happens with beer: on a train as well as in open spaces because the cork could be easily uncorked. This new, less sophisticated image could not also being positively embraced by wine consumers but could also meet the tastes of beer consumers. Innovation was the strategy of Mionetto and in the end it paid back. Anyway this was not a strategy which came randomly and without taking account of the possible consequences. This approach was, in fact, the result of a series of tests. The company kept on conducting tests on a small sample of random consumers; once it received positive feedbacks, Mionetto started the big campaign.

3.3.2.1 The Three Tier System in Mionetto USA

As already mentioned, the United States wine market is governed by the so called Three Tier System, which was something totally unknown in the home market to which the marketing strategy had to be adapted. According to this structure, you had to choose in between focusing your efforts and investments on distributors or on customers. The US market is huge as well as the number of actual and potential customers; furthermore, the budget is not unlimited and, as already explained, distributors/ wholesalers play a fundamental role in the American winemaking sector. This is why Mionetto decided to place the first big investment on distributors. This does not mean that the company had no commitment at all towards customers; the investment on the target ones has always been done as well and, as the product reached a certain level of knowledge, awareness and stability, it was in fact gradually shifted more towards customers and less towards distributors.

Distributors

Deciding to invest on distributors means actually attending all the fairs and events in the sector, in order to get to know the distributors and encourage them to support the business.
Basically, there are two types of fairs: Trade Show Consumers and Trade Show Distributors. As the names say, the difference between the two is that in the former the attendees are distributors, in the latter customers. The difference is reflected of course in the people who attend the fair. In the case of Trade Show Distributors, attendees are very keen on wine; if you want to grasp their attention you have to show deep knowledge about your product and engage a staff of people knowing deeply about it as well. It is a more technical and educative moment.
On the contrary, Trade Show Consumers are attended by every kind of people. There will be very informed people as well as people not knowing anything about wine which attend the fair just to enjoy a drink with friends. The goal and the effort you decide to put on these events is, therefore, totally different and it depends on the target you want to achieve.
The company started joining these events, showing different kind of POs, gifts and fancy goods in order to attract distributors. The main difficulty here was the dilemma between choosing a big or a small distributor. Big distributors may not care about small companies or may not believe in your product but once you have succeed doing business with them you

are definitely sure they will commit on you and on your success and they will also pay you on time, which is actually a point of crucial importance for a company. On the contrary, small distributors may care about small companies and may take them immediately under their umbrella but they might not pay on time. As long as big ones will not look at you in the first times, you then take the risk and to rely on small ones for the very first years, until you become big enough to attract bigger ones. This could end up in having very small revenues but big cash outflows and this is why the first years are always the toughest.

As a consequence, in the very first years, Mionetto decided to lean on its own sales force. The company wanted to have its own people to sell the product and to educate the customers on the product. Once the company made distributors understand there was actually a market for this product, Mionetto started working with them. It first engaged small distributors and then moved to big ones as the company was growing. In the very first years, as already seen in the case of Mionetto Italia, the company used to have a more emotional and personal approach to the market; small distributors could fit it and meet its needs anyway. However, as the company was getting bigger and bigger and as Prosecco moved from being an unknown product to being a wine with a certain degree of recognition, Mionetto needed a more managerial approach. This was the moment in which the company initiated to move to bigger distributors. Today Mionetto is served by Southern Wine & Spirits which is the biggest distributors in the entire United States.

Customers

The marketing campaign of Mionetto towards consumers was focused on two main directions: tastings and advertisements. The first effort, done intensively for the first ten years, was related towards the former. As regards tastings, the first step was doing tastings in liquor stores. First of all the company selected a specific area of the city in which to focus on: Soho. Soho is the most fancy neighborhood in New York city, situated in the borough of Manhattan. Its golden age started in the seventies, when the area was populated by artists. They realized some among the greatest architectural wonders which distinguish this neighborhood from all the others. Nowadays it remains the most expensive area in the city and the location of numerous art galleries as well as elegant shops, bars and restaurants.

Starting from this moment, Mionetto sponsored any kind of event which took place in this area. The current CEO, together with a Sales Representative, used to be present at the opening

of art galleries, as well as at any type of cultural event, pouring Prosecco. They were always physically present, making this investment for more than ten years. They started being two people, the current CEO and a sales representative and then hired one person a month. Tastings were for them the most important part of the marketing campaign.
The objective was to reach the consumer in the quickest way possible. They also needed to get to know on and off premise point of sale to increase the network of clients and become known in the city. Creating a big network of relations involving both partner companies and customers makes always the difference. Mionetto understood immediately the importance of relations; when they started and they did not even have an office, they had a Public Relations (PR) department.

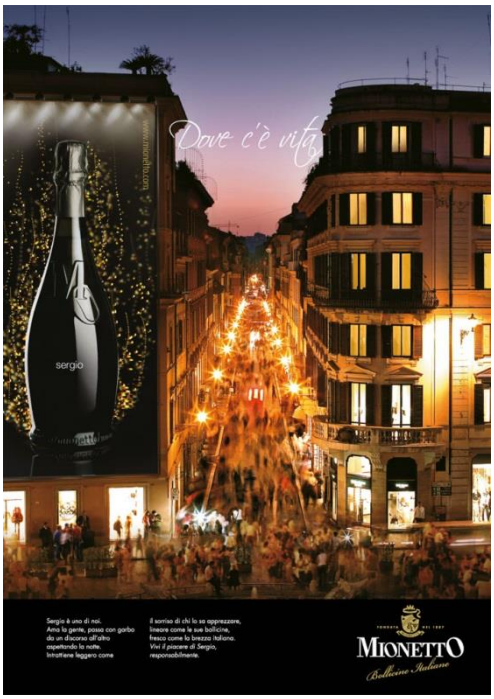
Between 2008 and 2009, a further effort was put on the development of a proper advertisement strategy. The first step was leading specific market researches to identify the typical consumer of Prosecco. The researches were conducted taking random samples of consumers in the most important cities of the most important states in the U.S. for wine consumption. As already said, these are New York City, Chicago, Boston, Miami and Los Angeles. The results of these surveys showed that the target of the company should have been females, between 25 and 44 years old, with medium-high level of education. In general terms, while men are more interested in spirits, women drink lighter alcoholic beverages and are also more prone to new products and innovations. They were then supposed to perform a bigger rate of consumption of Prosecco.
As regards advertising, Mionetto had to properly evaluate its alternatives: the strategies which could have been used in Italy were for sure not applicable in America. The US market is huge and advertisement tools like billboards, which could have had a strong impact in Italy, would have been, in the American market, extremely expensive without giving the corresponding benefits.
The choice was therefore between *strategic* and *tactical advertising*. Strategic advertising is referred to reaching a goal after a deep and complex analysis of the overall situation; on the contrary, tactical advertising is based on the means, in terms on resources, time and money, needed to realize the strategy itself and reach the expected objectives.
Developing a strategy to define an advertising plan, taking into consideration the current situation of the wine market in the whole country was far too expensive for the company at the moment, this is why they analyzed the different possibilities in a tactical advertising point of view.

Considering the budget constraints the company had and excluding the already mentioned advertising tools, Mionetto decided to focus on advertisement on magazines, evaluating this technique as the most effective and efficient one. As already said, the target consumers identified by Mionetto are women between 25 and 44 years old. The company conducted therefore marketing researches to find out the most popular magazines among the identified target and started advertising campaigns on these specialized magazines, starting with the state of New York.

Mionetto advertised Prosecco in very famous monthly or weekly local newspapers. The two main examples are Time Out New York and New York Magazine.
Time Out is a British magazine firstly published by Time Out Digital Ltd in London in 1968.
It became immediately a success and is now present worldwide in 107 cities and 39 countries, becoming a free weekly publication in 2012. Every Wednesday, on the streets of New York and especially in the most important subway stations like Grand Central Station, people can have it for free. This technique has sharply increased its audience. The magazine gives tips on which are the more interesting activities of the week to do in the city as well as advice on where to go eating or drinking. The audience is therefore mainly related to young people and this is why Mionetto chose to advertise its wine in this magazine.
The second one, *New York* is a bi-weekly magazine founded, as Time Out New York, in 1968. However, compared to the previous one, it had a more national stamp. Many influential authors used to publish on this magazine and, in recent years, it also won the National Magazine Awards for becoming one of the first city magazines being also a lifestyle magazine. The magazine faces both cultural and politic topics, all of them mainly focused on the city of New York.

The advertising campaign was developed through a sequential strategy
The first step was focusing on a set of values around which women could identify themselves. Mionetto wanted to create the fascinating atmosphere, the charming imaginary of a cool, fancy, shiny lifestyle. This was exemplified in the campaign *Dove c'é vita*, in English: "Where there is life". This campaign gave birth to two different advertisements, developed in the same style.
The commercials are both set up in two of the most important and worldwide known cities in Italy: Milan and Rome. Each poster shows sensational views of Milan and Rome, portraying the streets which in the two cities represent luxury and wealth by definition: Piazza del

Duomo in Milan and Via Condotti in Rome. They both are worldwide known for their super luxurious shops and represent the symbol of the so called *bella vita* , which can be translated into: “the good life”.



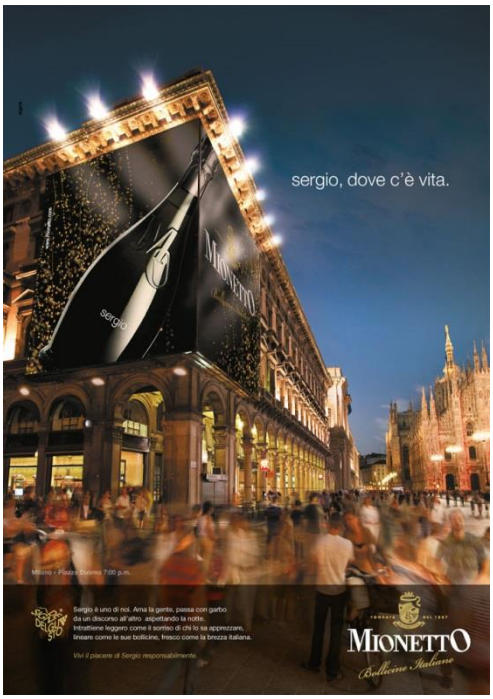


Figure 5 and 6: Posters of the campaign “Dove c’è vita”, *Mionetto. Bollicine Italiane*, http://www.mionetto.com, (04.10.2015)

As can be easily seen, in these advertisements, the subject is the location itself and not the wine. The commercials are set up in what could be called the happy hour time. It is not daytime anymore but not even nighttime: it is the time when the sun sets. People are coming out of work, streets are busy and everybody is outside to enjoy a drink with friends. In this relaxing and chilling atmosphere, you can then notice, in both pictures, a big billboard showing a huge bottle of wine on the walls of the buildings: Mionetto’s wine, which in this case is the Sergio Prosecco.

You can then find yourself interested on the type of wine the bottle represents. At this point comes the lower band showing the logo of Mionetto and a little tagline on the wine itself.

Finally, up in the sky, appears the name of the campaign, written in white lowercase letters, which can be barely seen.
The context is here more important than the product: the wine plays only a secondary role.
The reason for this choice is that these commercials represented the first approach to the customers. At first, Mionetto wanted the readers to be enchanted by the beautiful dream images, to be carried directly to the Italian wonders of Milan and Rome. This was the only way to awaken their curiosity and to induce them to notice the brand. The contest is of terrific importance here because it represents the vehicle linking the wine and the people targeted.

The second step was then shifting the attention from the contest to the product and the company itself. The second advertising campaign was called: " This is not just Prosecco. This is Mionetto".
In this second case the advertisement is clearly focused on the product and on the brand itself: the external context totally disappears. A big, lustrous bottle of the gold ribbon Prosecco stands out on a total black background. On the left top of the bottle is written the slogan of the campaign: "This is not just a Prosecco. It's Mionetto"; on the right bottom appears the logo of Mionetto and a short tagline about the wine. These are once again written in lower case white letters but in bigger characters, resulting much more visible.
Clearly, this second commercial is totally different from the previous ones. In this second stage, customers are supposed to have reached a certain degree of knowledge on the brand. It is not necessary to build the dream anymore. Now the priority is emphasizing the name of the brand. In the picture, Mionetto appears at least four times in big characters, made to be noticed at first sight.
Even the tagline is now different in its content. It is not only about the wine advertised anymore. This time it describes, in just a few words, the story of the company. It underlines when and where the company was created, highlighting the fact that Mionetto has been producing sparkling wines from the moment it was born.

This poster adds therefore an educative function on the company and introduces what has always been and remains today, the crucial point in the marketing strategy of Mionetto, both in Italy and in the United States: the heritage. The heritage has always represented for the company the most important value added and source of differentiation factor. You can copy or imitate the main variables of the marketing mix, what you cannot copy is the set of core

values which belong to the company, and, as a consequence, the authenticity of the product itself.

Prosecco has become in the last years a very popular beverage whose sales are continuously growing. Nowadays, any company feels the need to produce Prosecco and the only way to stand out and to beat competitors is to focus only the only one characteristic which is unique to your company and product. In the case of Mionetto, this is heritage. Mionetto was born in 1887 and since then, for more than one hundred years, has always been producing Prosecco and only Prosecco.

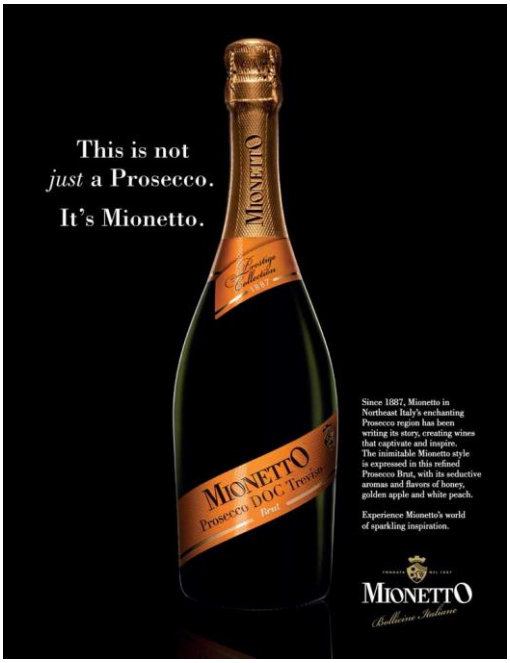


Figure 7: Poster of the campaign: "This is not just a Prosecco. It's Mionetto" *Mionetto, Bollicine Italiane*, http://www.mionetto.com, (04.10.2015)

Finally, the marketing campaign can also count on a strategy involving commercials.

Through these advertisements, Mionetto wants the consumer to learn its core values, from the origins and the quality of the products, through the seductions of the Italian life style. The two commercials are called "This is not just a Prosecco. It's Mionetto" or "Bubbles of light" and "The seductive ribbon". They are already broadcasted in many countries, showing worldwide the values of the brand Mionetto and the equivalence between Mionetto and Prosecco.

The commercial *Seductive Ribbon* starts with an amazing view on the Venice Laguna, portraying one of its unique boats, the famous gondola, floating on the Grand Canal. Then the scene shifts to an ancient, majestic palace where a beautiful young woman is charmingly walking, followed by an handsome young man. The advertisement publicizes the Prosecco Brut whose bottle has a golden label, the seductive ribbon, which is carried by the lady. The end of the story is left to the imagination but apparently the two finally meet to enjoy a glass of Mionetto Prosecco. A voice, probably the girl's voice repeats " Prosecco Mionetto" and then " Momento Mionetto" and finally "Prosecco Mionetto, Prosecco fantastico". As usual, the name of the brand repeated as much as possible and being always together with the name of the product.

This commercial provides the complete atmosphere of the Italian life style. The beautiful Venice, a fascinating ancient palace and two gorgeous young people, drinking the typical Italian alcoholic beverage, wine and especially Prosecco. The dream atmosphere has been created. Looking at this commercial, consumers can feel that drinking a bottle of Mionetto Prosecco will catapult them directly to Italy, Venice in particular, with all its wonders.

The commercial "Bubbles of lights" is set up in Valdobbiadene, in the region of Prosecco and it shows a beautiful vineyard, bathed by the sun. Thanks to the sun the grapes are transformed into wine and this process is described by a voice talking for the whole advertisement. Then, appears the bottle of Prosecco in a black background and the voice starts describing its features and scents. It finally repeats the slogan: " This is not just a Prosecco. It's Mionetto".

Once again, the winery wants to highlight the strong link between the quality of the products and the territory from which they come from. It is not only Valdobbiadene that is being advertised, what is sold is the entire Italian environment and, as already mentioned, all the attributes which come with it.

These commercials represent the perfect compromise between the two dimensions Mionetto always tries to balance. The will of remaining tied to its roots and to its core values and, on the other side, the need to be updated and avant-garde to face, if not even foresee, upcoming challenges.

Retail

In the process of development of the marketing strategy, a company operating in the United States should also consider the retail structure of each single state. This system can be divided into two different categories of off premise points of sale, the so called *liquor stores* and food chains. One of the greatest dissimilarities in between the Italian and the U.S. wine retail market is, actually related to the structure of these stores. In Italy, and also generally in Europe, wine is sold widely and easily in every little food market, grocery store as well as supermarket, big mall or shopping center. The majority of customers buy wine in these stores which differ in size and depth of supply. As a consequence, it really depends on the shop how many different types of wine the consumer is exposed to, while he shops. Anyways, there are no specific stores to sell wine or, if they exist, they are very few in the territory and they are attended by a minority of consumers: the ones that are very keen on wine, willing to spend more money on it and wishing the whole wine buying experience.

The retail stores' reality in the United States is something completely different.
As already mentioned, starting from January 17, 1920 and for the following thirteen years, the United States have lived in the so called Prohibition. Prohibition came into force after the Eighteen Amendment which had mandated nationwide ban on alcohol consumption.
On December 5, 1933 the Prohibition Era ceased to exist when the Twenty-first Amendment was ratified. It repealed the previous amendment allowing from that moment on, the consumption of alcoholic beverages, but at certain conditions.
In fact, the Amendment allowed every state to regulate the sale and consumption of alcoholic beverages in its own territory. The regulations ruling the different States are, as a consequence, different. The majority of the States have specific laws to discriminate between alcoholic beverages which are allowed to be sold only in liquor stores and beverages which can be sold also in other points of sale.
Peculiar is the case of the so called *ABC states*. These are eighteen states in the United States which lie under Alcoholic Beverage Control (ABC). In these states liquor stores are owned and therefore under the control of the state government. They are also called state stores for this reason. The rules are here very strict and this is why these kind of stores usually sell only wine and spirits, beer can be easily bought in other retail stores.

However there are also other states which are far more flexible on this topic, it really depends. What is uniform and commonly shared by all the different states is that, in any case, the process of selling of alcoholic beverage is carefully regulated and not left to chance.

The underlying reason for all these different rules is that in the United States the consumption of alcoholic beverages is forbidden by the law to people younger than twenty-one years old. This is why wine is usually not sold in supermarkets and grocery stores where children and little boys and girls can easily enter. Wine and spirits are primarily sold in the so called *liquor stores.*

Liquor stores are off premise point of sale where only wine and spirits are sold. Of course, when an entire shop is devoted to the pure sale of alcoholic beverages, the competition faced is much higher. All of them offer a very wide and deep range of every kind of wine. It is therefore hard to catch consumers' attention as long as in every single liquor store there are more than three thousand different items. Wines are showed in different shelves related to the country they belong to; sometimes you can even see wines divided by regions belonging to the same nation. The picture gets even more complicated when the principal competitors for Italian wines in the US are considered. In Italy the main competitors are French wines. As regards the United States, the Italian wine has to beat the competition of far more competitors. The main competitors are for sure American wines, especially Californian ones; after local wines, French ones have to be definitely named; but this is not all, Southern American countries like Chile and Argentina are producers of great wines as well and their devoted sections in liquor stores are as big as the Italian one. For all these factors, the competition faced in the United States in liquor stores is, for sure, tougher.

There are states in which the overwhelming majority of off premise points of sale consists of independent stores and states in which the presence of huge food chains like HEB or Costco, just to name a few, is predominant.

In this last case, Mionetto decided to focus more on food chains, otherwise on independent stores. In general terms, when Mionetto arrived in the United States, the first commitment of the company was on independent shops as liquor stores. The first ten years were, therefore, an investment. You need to go door to door trying to sell your product and when both the product and the company are unknown, this turns out to be really tough.

As the years passed, big food chains started taking the most, the main effort was therefore shifted towards food chains, always remaining also present in independent stores.

This situation has an historical reason. Food chains used to be not interested in selling wine.

In the last few years, as just said, big food chains represented in some states the most important off premise point of sale and they also started selling wine. As soon as this situation came into place, Mionetto decided to enter the food chains business. Clearly, not every single food chain was the ideal distributive point for Mionetto. The most important part here is again knowing the product. If you know your product you know exactly where to sell it.

4. The Branding Theory and the case study's contribution

As a consequence of the already mentioned today's market scenario and especially of the recent phenomenon of *Brand Proliferation*, the interest towards the branding and the different strategies to build a brand (branding strategies) has grown a lot and several theories have been developed around this topic. The objective of this section is to describe the most important ones, analyzing their relations with the branding strategy adopted by Mionetto.

4.1 The Strategic Branding

Kevin Lane Keller is a Professor of Marketing at the Tuck School of Business at Dartmouth College which is an Ivy League research university in New Hampshire, United States.
He is most widely known for its publications and research work on the brand management.
The tremendous importance endorsed by the perceived quality of a product, represents the core on the discussion of the role of brands. Products cannot be identified with mere goods any longer. Their intrinsic, objective characteristics do not play a central role anymore. Products have become icons, symbols, vehicles for the communication of specific values, characteristics. The key point here is that these products end up in representing the person to whom they belong. They become status symbols. This is why it is so important to transform a product into a brand, differentiating it strongly from all the other products and giving it the power of a brand. This process is defined as branding strategy.

The branding strategy consists of three main moments. The first one is the definition of the placement and the values that you want to be associated to the brand from now on: in other words, the definition of the *brand identity*. This has to be clearly, well-defined from the beginning in order not to create confusion in the consumers' mind and to provide, from the starting point, a coherent offer. [36]

[36] KELLER K. L., BUSACCA B., OSTILLIO C. M. (2005), *La gestione del brand. Strategie e sviluppo*, EGEA, Milano

The second moment concerns the planning and the realization of the marketing strategies itself. The object is making consumers know about the existence of the brand and make them link the brand to positive, unique and strong associations: this is called *brand awareness.*
The third point consists of all the activities related to the development and the support of the value associated to the brand, called *brand equity*.
The final objective of the branding strategy is to give birth to the so called *brand knowledge*, the ensemble of thoughts, feelings, images, experiences associated to the brand. This is then translated into *brand loyalty*, which also leads to a softer reaction in front of increases in price of the brand's products itself as well as in front of a reduction in the price set by competitors. [37]

The first step in the evolution from product into brand is the placement of the brand itself. Its aim is to define the position of the brand towards its competitors. In this process, the key role is played by the definition of the *brand identity*. Defining the identity of a brand means identifying the elements which, through the time, make it unique, real, authentic. It concerns variables like the price category to fit in but it regards mainly the core values and characteristics of the brand. The brand identity is the result of an historical pattern and it is therefore one of a kind, very difficult to be copied or imitated. It is very rooted in the brand and in the company itself and represents the heart of it. The main issue in this case is, therefore, maintaining an accurate balance between the necessary stability of the core, the identity of the brand and the need of always being updated and ready to embrace the new challenges.

The second moment is represented by the so called *brand awareness.* Brand awareness is the extent to which a brand is recognized by potential customers, and is correctly associated with a particular product. It is therefore the awareness consumers have on the existence of the brand itself. It is the first basic requirement for the consumer to evaluate the brand among all the other different ones in the supply range. It proved therefore to be fundamental.

The third level is achieved when a company manages to create the so called *brand equity*. Brand equity is defined as the construction and the maintenance of a great value associated to

[37] CAPPELLARI R. (2008), *Il marketing della moda e del lusso*, Carocci, Roma

the brand. It represents the endowment of values or assets, synthetized by a brand. The creation of a brand equity entails the achievement of relevant advantages , from which both the consumer and the company can benefit.

The brand becomes a filter in the buying process; instead of losing time in a complex evaluation of different attributes for different products, if the consumer relies on the brand, the choice is already done: customers, loyal to a specific brand, have no need to rely on other elements, like price or product availability by the distributor, apart from the brand, for deciding to buying it. These are the so called choice advantages and the brands characterized by this property are usually the ones able to resist to market crisis and price wars. Furthermore, surveys have shown that consumers are willing to buy the brand they have most recently bought, instead of a new one or a brand associated with a high level of perceived quality or, at least, a familiar one: relying on the brand reduces also the risk perception, which characterize the purchase.

As regards producers, several advantages can be highlighted. Firstly, in terms of learning advantages: the brand is something which can be easily registered in the minds of consumers, allowing for awareness and recognition of the company. It can also lead to consideration advantages, expressed as the likelihood that the brand will be a member of the consumers' consideration set and to choice advantages, as already explained. Possessing a famous brand means being allowed to reduce the marketing costs, this having no effect on promotion and advertising. An advertising campaign on a new feature or a new model for a product has far more effect and generates more redemption if referred to a high perceived quality brand or to a brand which is already known and familiar to the consumer. Furthermore, if consumers identifies a high value in a specific brand, some of them will always buy that brand: brand loyalty is created and creating brand loyalty means gaining a premium price, freeing the brand from price-based logics.[38]

The final result is reflected in the *Brand loyalty*. Brand loyalty is achieved when customers have reached a positive attitude towards the brand which they demonstrate through a repurchasing behavior. This is definitely a crucial asset for the company : customers are more prone to pay higher prices to buy that brand and are less sensitive to competitors attitudes. Customers' perceived value, brand trust, customers' satisfaction, repeat purchase behavior, and commitment are found to be the key influencing factors of brand loyalty.

[38] KELLER K.L. (1993), *Branding and Brand Equity*, http://bear.warrington.ufl.edu/weitz/mar7786/Articles/Keller%202002.pdf (15.01.2016)

As can be easily understood, creating brand loyalty mainly depends on the company itself. One way to make the clients perform a loyal behavior is, for example, creating specific promotions or providing discounts only for the ones which are frequent customers. This strategy is the one applied by many airlines which have created the so called *frequent flier programs*. In this case, frequent fliers can accumulate points according to the miles they fly with the specific airline and these miles are then translated into free flights or other types of benefits.

These kind of strategies are at the basis of a specific theory which can be summarized in the concept of *customer lifetime value*. Customer lifetime value represents the value the customer has for the company in terms of average value of its transactions, frequency of purchase and expected loyalty time. In other words, sometimes companies focused more on retaining already existing costumers rather than on attracting new ones: this strategy proves in many cases to be more profitable.

It must be underlined that brand loyalty can also have a negative side. It can, it fact, lead to brand disaffection. This can happen in three main situations. The first case occurs if the consumer has had a bad experience directly on the products of that brand, or has heard someone had one, and the company has not tried to solve the problem, demonstrating that this was just a chance which will not happen again. The second case happens when the company has incurred in situations which have mined its credibility because of unethical behaviors, rather than unfair if not even illegal ones. Finally, the third situation regards the case in which the relationship between expectations and effective perceived quality is unbalanced towards the formers, so even in presence of a high quality, the opinion of consumers will still be negative. [39]

To conclude, other two factors have to be taken into consideration. Further elements which can help in strengthening the power of the brand are the commitment to the creation of the brand experience and the phase in which the brand itself is identified with the product it represents: the so called *brand vulgarization*;

In this process of growing attention towards the intangibles aspects of the offer, a crucial role is endorsed by the so called *brand experience* and on the equivalent concept of experiential marketing. The brand experience can be defined as the promise, created in the minds of

[39] KELLER K. L., BUSACCA B., OSTILLIO C. M. (2005), *La gestione del brand. Strategie e sviluppo*, EGEA, Milano

consumers, of enjoying specific, unique feelings, while buying that specific product, belonging to that specific brand. It is described as the possibility of enjoying a complete involvement, of all the five senses, while buying a product.

Finally, the greatest objective a company could achieve is for sure, let its brand becoming the synonym of the product. This means that once consumers decide to buy or order a specific product, they do not refer to the product category anymore, but they pronounce directly the name of the brand because for them now it represents the product itself. The most famous and clear case is the one of Coca –Cola. Nowadays, when you want a beverage at the taste of Cola, you just ask for a Coca – Cola. Bars can then also give to you a Pepsi rather than a Virgin Cola but the worldwide known brand remains the first everyone asks for. Once you have reached this result, it means that your brand is really strong. [40]

[40] BUZZAVO L., STOCCHETTI A. (2002), *Marketing, tecnologia, globalizzazione, le sfide della competizione globale e delle tecnologie digitali per il marketing*, Franco Angeli, Milano

4.2 The Brand Activation Model

The brand activation is a process, a set of activities, a dynamic way to "bring the brand to life", with a series of brand experiences. The experiences are, in fact, the key variables of the whole process, the actions undertaken to get in touch with consumers. This connection with customers is established by translating the key values of the branding activities into experiences involving the consumer directly, with the objective of affecting its attitude towards the brand as well as its purchasing behavior. The brand activation model combines short term effects like the growth in volumes, with long term effects like the brand building. Usually brands have at their disposal a series of various activities to perform in order to grow, especially in the short run and in terms of volumes. Some examples of these activities are: innovation, trial programs, fidelity programs, promotions. These strategies are kind of evergreen programs: they have been performed for many years by a lot of companies in the market. However today the market is far more competitive and consumers gets in touch everyday with these kind of initiatives, launched by a high number of branded companies. To be different and to stand up in the mind of consumers, it is necessary to add something more to these activities.

It is in this context that brand activation is useful. Its aim is to create a real, strong tie with consumers, through a series of experiential activities. It is a strategic practice which involves reaching consumers through unexplored channels.

The brand activation is a process which consists of four main steps: the definition of the Activation Platform, the choice of the Activation Idea, the phase of Channel Planning, the phase of Results Measurement.

The Activation Platform involves the creation of a series of contents, values which connect the brand with the consumer; a space where customers can identify themselves into the brand.

While the first, just described, phase represents the theoretical basis of the planning, the Activation Idea is the practical realization of the activities which link the consumers to the brand: it could be also referred to as the brand experience. A study of the key assets of the brand as well as of the key values of the consumer is therefore necessary, to develop a strategy which is effective.

Once defined the message the company wants to transmit to consumers, comes the identification of the better means to reach the right target of consumers (brand awareness), to

attract them with the right activities (brand experience or activation idea) and to make sure that the message arrives loud and clear; this is the third phase: channel planning.

The last phase consists in the measurement of the results obtained through the strategy. It is fundamental to have in mind a goal the brand activation should reach and, after the put in practice of this activity, being able to evaluate it, as an indication for future plans.

The objectives can concern Measurable Marketing Objectives (MMO) such as the penetration rate, the frequency of purchase, the repetition of the buying act, or they can be Measurable Communication Objectives (MCO) such as brand awareness or brand image. [41]

[41] CHERUBINI S., ANTONUCCI G., RUOCCO A., SAPORITI V., SCRIBONI F., TEDESCHI A. (2007), *Casi di marketing (vol. 3)*, Franco Angeli, Milano

4.3 The Brand Value Chain Model

The choice of involving the brand in the management strategies developed by a company, reveals an internal process of progressive recognition of the brand as an asset for the firm and a progressive sophistication of the approach of managing the brand itself.

This process involves three sequential steps; at first, the brand is evaluated as a distinctive attribute of the product itself, mainly representing for consumers a source of information.

Then the brand becomes a business specific resource, which will lead the company to promote activities of line extension of the products provided: the brand represents now a series of different products whose specific qualities are granted by the brand itself; this is why it now represents a source for the company, exploiting the brand the firm can create more products without the need of proving their quality ever again because the brand has already accomplished this, once and for all.

The final phase consists on the continuous enrichment of intangible values on the brand. In this stage the brand becomes therefore a value of development for the company, again continuing the process of brand extension. The brand becomes object of a specific management strategy at a corporate level.

As a consequence, the brand contains in its interior three different meanings. First of all it represents a value for the company, having a crucial role in the corporate development; it has a value for consumers, related to the role it occupies in their minds; finally the role it has for the corporate management in the process of managing the brand as a market resource.

Having reached this level of awareness on the importance of the brand and the role it represents in different contexts, it is crucial to identify a method able to reveal which are the different activities, focused on the brand, that create and add value to the brand itself. These involve investments on tangible aspects but, as we have already seen, also on intangible assets of the brand.

The first step towards this direction is to identify the so called *value drivers*: the activities which generate value for the brand in both tangible and intangible aspects. We finally arrive to the concept giving the name to the strategy itself: the *Brand Value Chain*. The brand value chain has the aim to build, for each observed value driver, the underlying operations and actions leading to the creation of values for the brand. These activities will be then measured and evaluated in order to quantify the resources needed to create the brand.

To sum up, the Brand Value Chain comprehends all the different steps necessary for the brand to become a valuable asset for the company, for consumers and for the market itself. The process of building meaning, starts with the existence of the brand with its own attributes and qualities, leading to the creation of values giving power to the brand. To identify these values, it is crucial to determine the value drivers, qualities which actually build the brand itself. The final step is to break up all these vectors in elementary operations to be performed.

Once identified, all these activities to be performed have to be evaluated considering all the expenses and investments necessary both at an internal and at an external level to create value for the brand. This evaluation is put into practice, through the usage of different techniques.
These techniques are related to various kind of surveys both done internally by the company and promoted externally by specialized and sectorial magazines.
The BVC does not have a static nature: conducting these surveys only once has clearly no point; these studies have to be repeated through the time to determine the evolution of the value of the brand. As a result, many different BVCs will be developed, with the precise object of orienting the marketing strategies in the most efficient and effective ways, considering the different phases faced by the value of the brand and the additional knowledge developed on the brand. [42]

[42] ZARA C. (1997) , *La valutazione della marca, il contributo del brand alla creazione del valore d'impresa,* ETAS, Milano

4.4 The Customer Based Brand Equity Model

Once again we encounter the Professor Kevin Lane Keller, building a model to analyze the distinct steps building added value for a brand and, in other words, going into building strong brands. This process involves four different points, responding to four different questions.

The first step is the *Brand salience*, which can be connected to the *brand identity* and answers to the question: "who am I?". It refers to the outstanding feature of the brand which identifies it in the minds of consumers. It is also referred to how consumers are familiar with the brand and, even more importantly, to the level the brand is considered in the consumers' buying behaviors. It other words it also includes the *brand awareness*.

The second phase concerns the so called *brand performance* and *brand imaginary*. In other words, it involves the making process of brand value through the development of both intrinsic, objective, tangible performance of the product and the intangible, psycho-social ones with the development of an intense, attractive brand image around the brand itself.

The third point contains the result of the previous phase: it represents the feelings and judgements of consumers on the brand. Again, these are divided into the ones which are rational (brand judgements) and the irrational, emotional ones (brand feelings).

While brand judgements are based on just a few, rational criteria such as quality, reliability and superiority, brand feelings are more complex. They depend on variables like warmth, pleasure, tension, security, social acceptance and self-respect. As already said, these are the most difficult to be managed and controlled by the company, through its marketing and brand management activities because they are not objective but depend on each person's attitudes. After these three levels, consumers should have developed a positive idea of the brand in both a rational and irrational way.

What comes afterwards is the so called *Brand Resonance*. The name itself gives an insight on its meaning. If the consumer has a positive opinion of the brand, he should buy other products under the brand umbrella. It is the already known *Brand Loyalty*. Brand Loyalty allows for repeated purchases, willingness to pay premium prices to have that specific brand and less reaction to competing marketing strategies. It gives a brand a huge power.[43]

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[43] KELLER, K. L. (2002), *Strategic brand management; building, measuring and managing brand equity*, Prentice Hall, Upper Saddle River, N.J.

KELLER K. L., APERIA T., GEORGSON M. (2008), *Strategic brand management; a European perspective*, Prentice Hall, Harlow, U.K.

4.5 The Evolutionary Model

Differently from the other models, analyzed by now, the Evolutionary Model does not describe the different actions to perform to build a strong brand such as brand identity and brand awareness, but it depicts the dynamics necessary for the continuous alimentation of this resource; it clarifies the activities from which the potential of evolution of a brand depends. The models is based on three evolutionary vectors: valorization, abstraction and experimentation.

The first vector puts in practice the potential of differentiation of the brand encouraging consumers to have positive opinions on its behaviors in the market and as regards the relation between costs and benefits: the brand starts accumulating value.

The abstraction extends the meaning and the significance of the brand allowing for diffusion: the brand keeps on adding value.

Finally, the experimentation phase leads to the so called learning potential, on which leaning on to generate evolutionary cycles: the brand value is activated.

The three crucial values underlying this constructions are the faith on the brand, on its relational quality and on its scope. The faith on the brand reinforces brand awareness and all the associations related to the brand, creating the potential of differentiation. Once this potential is created, the placement and position of the brand in the market is clearer and this allows for the stabilization of relations within the competitive arena and for the sustainability of the differentiation strategy of the brand, such as the establishment of a *premium price*; then, through the abstraction vector, the potential of diffusion is created.

Finally, through experimentation, more and more combinations between the product and the market are created, generating learning potentials. In other words this is the phase when the company, exploiting the just developed value of the brand, starts its rise producing other branded products and extending its already existing lines, generating a new evolutionary cycle.

Each vector calls for specific techniques to be fulfilled to achieve its objectives.

In the case of differentiation and accumulation of value for the brand, we can identify various actions: continuous innovation and control on the supply integrity, reengineering of critical processes, segmentation of customers according to their value, removal of all the obstacles to the understanding of the intrinsic value of the brand, creation of commitment towards the brand communication.

The second step concerns the development of a connection between the consumer and the brands through both the enrichment of the brand of symbolic values and the enlargement of its contribution on the process of reaching, in the consumers' perception, the physical, psychic and social well-being. These have to be adapted to the growing expectations of consumers in advanced economies, thanks to information and communication technologies; the most recent trend in this field is providing customers with made to measure, customized offers, full of meaning and symbols: standard, elementary products are not enough anymore.

To stay strong, a brand has to define the appropriate value chains, control social meaning, analyze syntagmatic relations, strengthen the means-end chains, activate a network of consumers, build a digital value network.

The third step involves primarily the already mentioned brand extension in the two alternatives of line and category extension which allow for the expansion of the value of the brand and of its returns as well. [44]

[44] BUSACCA B. (2000) , *Il Valore della Marca tra post-fordismo ed economia digitale: accumulazione, ampliamento, attivazione*, EGEA, Milano

4.6 The strategy of Mionetto

In the previous sections have been analyzed some of the most important theories regarding different methods and procedures used to develop a proper branding strategy. In this section will be described which are both the similarities and the differences between the theoretical background and the strategy performed by Mionetto, both in Italy and in the United States.

4.6.1 The definition of the brand's core qualities

What all the five theories have in common, is the development of the first phase of the branding theory. Even the Evolutionary Model which seems to start its analysis with the following phases but actually takes the first one for granted. It can be called brand identity, activation platform, definition of the attributes of the product, valorization of the brand or salience; what we always refer to is the development of all the different qualities of the brand which mark a strong difference between the brand itself and its competitors: these will be the basis of the branding process. These will be the characteristics the company will focus on, to sustain its whole strategy. They will be the starting point, as already mentioned, to promote this process of differentiation which is the very essence of the branding theory allowing for the setting of premium prices and for the perception of added value attributed to the brand.
As regards Mionetto, this phase was widely performed by the winery, especially in the American market.
In Italy, by the time Mionetto started branding its products, the company was already known and deeply rooted in the territory; its identity and values which, as already mentioned, were related to its heritage both in the presence on the territory and in the production of Prosecco, was, therefore, already clear. The most urgent need for the Italian company was actually to increase the awareness. This was the first effort, as we have already seen and as will be further explained in the following section, the company focused on.

As regards the United States, both the Mionetto Brand and the Prosecco product were totally unknown to the new market. Mionetto had therefore to start immediately focusing on its unique qualities and identity to be able to penetrate the market and to start proving the so called *contents*, defined in the Brand Activation Model. These contents had always sustained the strategy and have been always identified, from that moment on, as attributes of the

product, as the Brand Value Chain Model emphasizes. In fact, these are drivers for value adding; exploiting these qualities the brand can start the process of accumulation of meaningful significance.

Mionetto presented itself as an Italian company, which has been producing Prosecco since 1887, being born in the soil where the product itself was born, flagship for quality thanks to its century old heritage but also innovative in its pure essence.

The chosen placement was therefore defining Prosecco Mionetto as a brand new type of wine, unexplored and completely different from any other. This identity was very clear and well defined from the starting point, in order to let the company be able to perform the whole branding strategy accordingly.

Entering a market with a totally new and different product is probably the most difficult placement to adopt. Positive feedbacks are not immediate because it takes time for customers to understand the product and get accustomed to it. As already said, the first years were therefore the toughest: it was hard to sustain the position chosen.

To conclude, one last footnote has to be marked. The identity of a brand, its core values, its essence, is, or better, has to be, by definition, always coherent, no matter if a branch of the company decides to move and be localized in other markets. Even if the company operates in two different countries, the whole imagery has to remain coherent with the ones chosen when the company was born. If you want to develop a brand, the identity can never be changed, otherwise consumers will be confused and will not be able to recognize the brand. Even after moving to the United States, Mionetto respected this fundamental rule and remained always coherent with the identity first developed in the mother company.

4.6.2 The recognition of the brand by consumers

According to Keller's model, the second step of the strategy is the enforcement of the brand awareness: make people know about the existence of the brand and make sure the brand is considered in the range of alternatives during the buying process.

Therefore, this second phase is not focused solely on the company anymore. For the first time customers are now involved.

In this phase it is fundamental to attract customers, move them, enter in their emotional sphere, so that they will remember the brand. In fact, in the Activation Model, the Activation Idea is also named brand experience which, by definition, describes a direct participation and involvement of the subject. In the case of the Customer Base Brand Equity Model, the awareness goes together with the development of the identity, confirming the importance of committing very early to this attribute; in fact, the term *Brand salience* includes both phases. The same can be said for the Evolutionary Model. The potential of differentiation which is proper of the first phase of the model (valorization), is in fact due both to the development of reliable and sustainable core qualities and to the generation of positive opinions, related to the brand, in the mind of consumers.

As regards the Brand Value Chain Model, the phase of awareness comes for direct consequence right after the identification of the value drivers. It will be up to value drivers to give the company insights on how to touch consumers. As already explained, they will be later cut into elementary operations which represent the activities to be performed to start involving consumers in the branding process. While the identity phase is unavoidable, it is in this second phase that the active part of the strategy is initiated.

Mionetto took the Brand Awareness phase very seriously.

As regards Italy, starting from the eighties, the first fifteen years of Guerrilla marketing were devoted to make the name of the brand be everywhere. As already mentioned, the wine market of the time was different from the current one. The phenomenon of *brand proliferation* was born a while later. By that time there were not many companies branding their products in the way Mionetto did. Printing the logo and the name of the company on every kind of objects really marked, therefore, a relevant difference.

Ashtrays and beach umbrellas, just to name a few, branded Mionetto were placed in locations where people were having fun, chatting, drinking and partying with friends. This is how the

company managed to start immediately conveying the already mentioned positive feelings and opinions of the evolutionary model, towards its potential customers.

These items were also objects of fashion, well-designed and built: their form was not left to chance plus, the name of the brand was written clearly in large capital letters. People attending bars and restaurants would first notice the attractive esthetical appearance of these items and then, curios, spend a few seconds to look at the name of the company and hopefully memorize it: apparently, they did. The pleasure given by the sight of something appealing is the first example, provided by Mionetto, of the Brand Experience sustained in the Activation Model.

In the development of the further steps in the branding process, this fundamental expression was never forgotten. In the very recent years, according to the current trends spreading in the wine market, Mionetto committed to the development of the *brand experience* during the campaign named *Design del Gusto.* The campaign has already been described in the previous paragraphs, what is important to underline here, is its experiential character. The consumer is involved in the use of all the five senses, adding a great dose of intangible aspects to the pure, naked product. Together with the experience, with the involvement of emotional aspects, come the awareness and the positive opinions theorized in the other branding models.

In the United States, the dimensions of the market and the knowledge of the product were both totally different. The market is huge and the Italian sparkling wine was something very far away from the mind of American consumers. The process of brand awareness started therefore in a different way. In this market, it was necessary to be physically present, everywhere, in person, with all the available people in front of all the tiers of the Three Tier System.

As regards distributors, the chosen strategy consisted in attending the various fairs and events of the sector, trying to start creating a network of partners. In this case, distributors were earned with the same strategies used in the retail sector in Italy: the fairs context was a kind of circumscribed environment where these gadgets marked the difference. The gadgets brought the Italian style and design with them and, at least, distributors would have gone back home having, in their houses, an item branded Mionetto: awareness was created.

Plus, Mionetto attended fairs with very well-informed people, ready to answer all the questions about the product, talking personally with distributors: a good image of knowledge and professionality was the business card of Mionetto.

As regards consumers, the unrealistic thought of providing the whole city of New York with gadgets, having an Italian name on them, without explaining to people which kind of brand this was, convinced the management to have a more direct approach; as already said, the best advertising strategy of Mionetto was related to tastings, firstly done in Soho.

Another, more intense, kind of experience was involved in this case. Entering event halls, conferences, art galleries, consumers found a physical person, holding a bottle of wine, ready to pour it generously and, if asked, explain with full details, which kind of product this was and why it was so special. Once again the context was part of the plan: in all these places people were enjoying a relaxed, friendly and cultural atmosphere and were therefore more prone to enjoy a glass of wine.

As regards retailers, once again the impact was direct and straight to the point: people of the Mionetto staff used to go physically to each single one point of sale, bringing bottles of the majestic Prosecco with them, convincing owners of its values and qualities.

The first customers were, of course Italian restaurants and Italian owners; they were already used to the product and there was no language gap between the two parts. As soon as the product gained recognition, the network overcame the Italian “borders”.

Again, as regards the Activation Model, these activities represented also the so called Channel Planning activities, which have to be performed to be sure that the message arrives straight to consumers.

4.6.3 The process of adding value to the brand

The third phase involves the processes put into place to add value to the brand. It can be referred to as brand equity (Strategic Branding Model), as brand performance and imagery (Customer Based Brand Equity Model), as the put in practice of elementary operations (Brand Value Chain Model) or as abstraction (Evolutionary Model). They all entails on leveraging on brand values to make the brand become more appealing to consumers. It is the phase of adding value to the brand.

As regards Italy, these phase never took place. After fifteen years of the already mentioned guerrilla marketing, it was already mid-nineties when the company should have started the brand equity phase. Anyway, this period corresponded to the time when the winery decided to go abroad, especially, to the United States. The two paths could have also been performed together but the problem was, as often happens, the budget. Mionetto could not afford to follow both routes. As a consequence, the winery decided to undertake the one which was expected to generate higher revenues. All the available resources were devoted to the new venture and this is the reason why Mionetto did not perform the further phases of the branding strategy in Italy by that time.

As regards the United States, in this phase the company focused on explaining to customers its key values: heritage and innovation. Mionetto brought to this country its story of success, its rooted tradition in wine making and, of course, its Italian character. As already mentioned, being Italian, in the wine sector is a strong point. We are known worldwide for the quality of our wines and for the centuries old traditions we have. However tradition was always accompanied by the promise to customers, of being the suppliers of innovative products as well, to attract also the youngest segment of the market, promoting always fancy and captivating solutions. The most effective examples in this field is reflected is the innovative, charming design of the bottles.

These features were shown to the public mainly through the already mentioned campaigns on sectorial and specific magazines. These campaigns evocate a series of associations related to the ritual of the happy hour, to the most beautiful wonders of the Italian landscape, to the already mentioned *good life*.

In these fields, all the symbolic meanings, associations and abstractions related to Italy and its imagery are exploited. Once again, in the process of adding values to the brand, the focus is on intangibles, immaterial ones.

We could say that the mere fact of being an Italian wine, automatically represents a quality warranty for the customer. Anyway, this kind of focus is also an indicator of the already mentioned trend where the perceived quality of brands, given by its extrinsic characteristics, takes definitely the most.

In fact, in all the five analyzed models, only the Customer Based Brand Equity Model names the improvement of functionality in between the activities to increase brand value; always linked to the brand experience. In all the other cases this phase was dominated by immaterial variables.

4.6.4 The results of the branding strategy

The fourth phase of the branding strategy should provide the company with the feedbacks of all the previous performed activities. The firm should be able to obtain the actual results of all the expenses and investments devoted to create and add value to the brand. This phase represents a measure of the success of the whole branding strategy. The question is now when a branding strategy is successful and which are the relative feedbacks and results involved.

It can be said that the branding strategy is successful if consumers prove to identify themselves in the brand's values and identity. In fact, the fact that the consumers identify themselves in the brand, is directly translated in the consumers being prone to buy the products belonging to the brand, again and again.

This phase can be therefore referred to as the Measurement of the results of the branding strategy, as named by the Activation Model; or as the Evaluation phase as it is defined in the Brand Value Chain Model; Experimentation, as expressed in the Evolutionary Model.

Finally, it includes two phases of the Customer Based Brand Equity Model: the phase of consumer's feelings and judgements, leading to the brand resonance. Anyway, the one label under which this condition is always recognizable is the so called *Brand Loyalty*, term used in the Strategic Branding Model. Being loyal to the brand means deciding to buy products belonging to the brand during the purchasing process among all the other competitors. This is actually the ultimate goal a company wants to achieve.

As regards Mionetto, it can be sentenced with no doubts that its branding strategy was successful and that the objective of brand loyalty was achieved.

In fact, Mionetto started its branding strategies in the United States less than twenty years ago. By that time, as already said, the product had was totally unknown in the market; now Mionetto is the number one brand of Prosecco in the United States. The questions is now which are the reasons of this success.

First of all, Mionetto performed widely the various steps, described by the branding theories we have analyzed. It chose the proper placement in the competitive arena which again, proved to be tough to be sustained in the beginning but proved to be right in the end.

It developed a strong brand identity, focused on its core values of heritage and innovation, linking, in an accurate balance, its ancient tradition to its modern mindset.

It kept on adding value around its brand exploiting all the different brand associations, leveraging on intangibles attributes and emotional aspects.

As a consequence, the strategy proved to be successful: consumers needed time to understand and react to the product but once they did, they really became loyal to the brand, overcoming the very last step of the branding strategy.

Theoretical Models	Definition of brand's qualities	Recognition of the brand by consumers	Adding value to the brand	Results
Strategic Branding	Identity	Awareness	Equity	Loyalty
Brand Activation Model	Activation Platform	Activation Idea & Channel Planning	Activation Idea & Channel Planning	Measurement
Brand Value Chain Model	Attributes	Value Drivers	Elementary operations	Evaluation
Customer Based Brand Equity Model	Salience	Salience	Performance and Imaginary	Consumers' Resonance
Evolutionary Model	Valorization	Valorization	Abstraction	Experimentation

Table 5: A summary on the theoretical background.

4.6.5 Relationship Marketing

4.6.5.1 Theoretical background

During the years, Mionetto proved to follow all the instructions given by the theoretical models just analyzed. These patterns could have never been avoided as they gave the fundamental basis without which the company would not manage to survive. But still, another series of crucial actions which allowed Mionetto to build its strong structure as it is now, are not mentioned in the process of brand value creation: these fundamental activities consisted in the development, from the very first day, of a huge network of relationships with consumers, retailers and distributors. As the CEO of Mionetto USA reveals "Mionetto understood immediately the importance of relationships: before even having a physical office, we had a PR department".

The importance of relations has been studied within a theory which spread out widely around the nineties: the so called *Relationship marketing*. The traditional approach of the marketing mix (product, price, place, promotion) had been, in that years, distressed by this new concept which was questioning the classic way of doing marketing.

Relationship Marketing "involves the understanding, focusing and management of ongoing collaboration between suppliers and customers for mutual value creation and sharing through interdependence and organizational alignment". It can be further defined as "the process of identifying and satisfying customers' needs in a completely superior manner in order to achieve the organization's objectives".[45]

Relationship Marketing is based on three variables: relations, network and interactions. As regards the first concept, the establishment of a relationship involves the connection between at least two parts, usually the supplier and the customer. A set of relationships, which can grow to become a very complex model, forms the network. Finally, as the different parts get in touch one another, the interaction is created.

[45] GORDON I. (1998), *Relationship marketing, new strategies, techniques and technologies to win the customers you want and keep them forever*, John Wiley and Sons Canada Ltd, Toronto

Therefore, more than the classical dyad between supplier and customer or even the triad supplier-customer-competitor, what is really important is the creation of a network, involving all the partners playing in the different distributive channels including goods, services, people and information exchanges, based on a complex system of relations. [46]

The topic of relational marketing has come out as a result of the new marketing environment. In a world where product life cycles are always shorter, where markets are more and more fragmented and the competition is terribly tough, the only way to retain customers is to create value not only as regards the mere product but also developing a whole series of immaterial, intangibles values. In between these values, a crucial role is played by relationships. Their role is becoming so important that some authors have even affirmed relations should be added to the marketing mix variables. As a consequence, the conventional focus has been shifted from the purpose of attracting new customers, to a new perspective which, on the contrary, involves the retention of the already existing consumers, moving from a transaction focus to a long term relationships focus. This logic involves an higher spotlight on customer retention, commitment and contact. It then leads to customer's loyalty which, as already explained, is actually the ultimate scope of branding strategies. Establishing these kind of bonds with customers allows the company to have higher benefits based on different variables. First of all on the amortization of all the sales and marketing activities which are spread through a longer customer life-time; then, satisfied customers are likely to laud the company with friends and acquaintances providing free advertisements for the company; finally, once a customer feels deeply tight with a specific company, it will be surely willing to pay a premium price and will be less influenced from competitors' offers.[47]

The classical variables of the marketing activity change therefore their meaning. As an example, distribution is not related to the mere delivery anymore. It involves a moment of interaction, of relation and contact which can either mine or improve the following relations. In fact, every single moment of connection is seen in this optic in a wider temporal perspective: it is not a one shot game, it is only the first move of a bigger series of

[46] GUMMESSON E. (2002) , *Marketing relazionale: gestione del marketing nel network di relazioni*, Ulrico Hoepli, Milano

[47] PAYNE A. (1995), *Advances in Relationship marketing*, Kogan Page Limited, London

interactions. Every first relationship may be the start of a long-lasting one: it gains therefore much more value. Even quality has changed its general meaning; the quality which matters now is not the objective one but the one perceived by consumers.

A good way to implement customers retention and loyalty would be to progressively increase the connections between the company and the customers in order to create as many barriers as possible for the consumers to switch to competitors, providing a source of sustainable competitive advantage. [48]

[48] GUENZI P. (2002), *La vendita relazionale, la gestione dei processi commerciali nella prospettiva del Relationship Selling,* ETAS, Milano

4.6.5.2 The Relationship marketing by Mionetto

It has been already explained how Mionetto USA committed to a Three-Tier System modelled structure, trying to catch all at once wholesalers, retailers and consumers. However, what has not been emphasized is the relational aspect of all these three strategies.

In the very first years, no advertising, or media campaign was done, no advertisements on magazines, no billboards, no television commercials. These kind of strategies were used afterwards, to grow, but at first, to break the wall, to penetrate the market, the winning strategy was being present, physically, starting establishing relationships directly and straight to the point with all the actors involved in the business. This is the only way in which your brand can be remembered. This is also the only way you have to establish and let always grow the network of relations.

As for distributors, Mionetto started behaving as its own distributor, sending its own, trusted people to make the product spread out through the U.S.. This first initiative gives immediately the idea of the will, Mionetto has always had, to provide a quality service to all its partners. As long as the distributive company it had engaged was not matching its standards, Mionetto preferred to perform the job on its own. The management established therefore a good relationship also with its employees, giving them a high level of independence and enough trust to go distribute the product in the territory. Afterwards, deciding to lean on external distributors, Mionetto used to go directly, physically, once again, with its own people to meet distributors during the already mentioned fairs, to show them the products and to start immediately a real relationship with them, relations which last until today.

Concerning on and off premise points of sale, was it a restaurant or a liquor store, for ten years every door was knocked to try to sell Prosecco. Today Mionetto serves a huge network of high-end restaurants and liquor stores and it had also entered the world of big food chains. Some of this points of sale have been clients of the company for the last twenty years.

Finally, as regards customers, for the same ten years, the staff of Mionetto used to do tastings over tastings in the metropolitan area of New York City and then all around the U.S.. Going in person with real people, being present physically to meet customers, talk to them and make them become familiar both with Prosecco and with Mionetto. This was an intense, massive strategy which required huge investments and, until now, has never stopped: tastings are still performed in liquor stores and in the occasion of many kind of events all around the country.

Furthermore, a crucial role in the development of relationships with customers is played by Sales Representatives. As already said, these people are scattered throughout the country and have continuous and direct control on all the partners involved in the relationships. Not only retailers and wholesalers can call them, even private citizens, for every single little problem can count on them. It is a sense of closeness, even in the pure geographical way.

Mionetto has always carefully chosen to stood for it, to select and send its own people to be sure they are the best, even and especially in a relationship-based criteria. This proved to make the difference.

Conclusions

The purpose of this work was to undertake a research on a case of successful internationalization branding strategy. The example of Mionetto was found interesting as it is a reality which was born in our territory among thousands of family-run wineries but, alike the others, Mionetto has been able to become very successful in Italy and then, maybe, even more successful in the United States.

The argument which was asserted in the whole work, is that in the current environment, with so many companies, fighting in the market, the only key to survive is building a strong brand. This brand has to be focused on the core values, the unique characteristics which belong to that only one company.

Furthermore, the trend which got a foothold in the recent years, clarifies that these qualities have to be properly chosen. They do not have to include the mere intrinsic values of the product anymore. A great quality base is taken for granted, a further effort is now necessary.

In a world where a multiplicity of companies compete every year on which one produces the last, brand-new version of a product, which sometimes has actually nothing different from the previous one, the leading strategy is pointing on intangible, sentimental attributes which touch the emotional sphere of consumers. Only this response will give the company a potential of differentiation which allows the firm to beat competitors.

The strategy of Mionetto confirmed this theory in three manners. First of all, Mionetto understood immediately the importance of developing a brand; starting from the eighties, the company concentrated its entire planning in adding value to the brand to make it become always more and more sustainable. Secondarily, the company proved effectively to focus its branding strategy on the two key values of, heritage and innovation, which characterize it.

The century old experience in wine-making of the winery, made heritage be by definition the, just mentioned, unique attribute only Mionetto has in the competitive arena. This tradition was perfectly blended with an overwhelming fresh, innovative spirit. Finally, the core attributes Mionetto concentrated on, do not focus on the objective quality of the product: they belong to the sphere of the remarked intangible aspects. This combination proved to be the winning strategy.

However, the success of a marketing strategy cannot be fully controlled by the company which performs it; other actors can affect, positively or negatively, a firm's success. These actors are all the individuals or groups of people having contacts with the company: suppliers, clients and especially, consumers.

The last piece of the puzzle involves therefore the relevance of attaching importance to the creation of strong relationships with these communities. Engaging in a strong network of relations will allow the company to build a brand in much shorter time as necessary in the traditional way, getting in contact with much more actors. It will create long-lasting relationships, based on cooperation and quality, the firm will benefit from, for many years to come. Working together, each entity, belonging to the network, will contribute in adding value to the organization, for the benefit of everyone.

Once again, the strategy implemented by Mionetto confirmed this belief. Since it first arrived in New York, the company made huge investments in building direct relationships with all its partners. Mionetto has always committed to these relations sending physically its people to every liquor store, restaurant or distributor.

Finally, each and every single information recorded in this work is true and original as it comes directly from the people who took Mionetto from a small business and make it become the number one brand of Prosecco in the United States, people that I had the pleasure to meet and interview.

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